



Doing Business in Chile

2012 Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2010. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In Chile](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations, Customs and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business In Chile

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

As the United States - Chile Free Trade Agreement (FTA) concludes its eighth year, trade in products and services continues to be a resounding success. As of January 1, 2004, duties were reduced to zero on 90% of U.S. exports to Chile with all remaining tariffs to be phased out by 2015.

In 2011, bilateral trade between the United States and Chile reached US\$ 24.8 billion, an over 300% increase over bilateral trade levels before the U.S.-Chile FTA was implemented. U.S. exports to Chile in 2011 reached a record US\$ 15.8 billion while imports from Chile reached US\$ 9 billion.

In 2010, the United States and Chile concluded the negotiations of a bilateral tax treaty that has not yet been ratified in either Congress.

The United States remains the single largest cumulative direct investor in Chile, representing 24% of all net foreign direct investment from 1974 to 2011. Spain follows closely with 20.8%, and Canada is third at 18.5%. However, Canada has led all nations in investment from 2009 to 2011.

Macroeconomic stability and growing integration with international capital markets has earned Chile an A+ credit rating, the highest in Latin America.

Chile remains one of the most stable and prosperous developing nations and consistently ranks high on international indices relating to economic freedom, transparency, and competitiveness. It also fares very well in terms of democratic development, gross domestic product per capita, freedom of the press, and was the highest ranked country in Latin America in terms of competitiveness, according to the World Economic Forum's Global Competitiveness Report 2009-2010.

Chile continues to pursue market-oriented strategies, expand global commercial ties, and actively participate in international issues and hemispheric free trade. Chile is a member of the Rio Group, an associate member of Mercosur, a full member of APEC, and a founding member of UNASUR. In 2010, Chile became the 31st member of the OECD, only the second Latin American country to join after Mexico.

With Free Trade Agreements with Europe, China, India, and North America, Chile has given its nearly 17 million citizens unprecedented access to the world's products and services. This offers a unique opportunity for U.S. exporters

interested in expanding their businesses in arguably the most open and stable market in Latin America.

Market Challenges

[Return to top](#)

Perhaps the greatest challenges to a U.S. firm seeking to export to Chile are the high degree of competition and the relative market size. Even though Chile is a relatively small market (pop. 17 million), its open trade and investment policy has attracted the attention of many foreign firms. At the same time, the small market size has led some companies to overlook Chile, leaving interesting niche markets and solid opportunities for U.S. exports.

Despite Chile's openness to new products and technology, Chilean business people are astute but tend to be more conservative and cautious than the average U.S. business person. U.S. companies should consider this when entering the market and adjust sales expectations accordingly.

While the Chilean government is committed to trying to streamline certain processes such as the time it takes to open a business or close a banking account, U.S. companies will find that operating in Chile requires patience and a tolerance for delays associated with doing paperwork and obtaining approvals.

A key to competing is finding the right in-country partner. A good agent or distributor can use their business and/or social connections to open doors and overcome regulatory, as well as cultural and language barriers.

U.S. companies doing business in Chile should be aware that a relatively small number of individuals and families control a large percentage of Chilean businesses. The limited competition in many sectors provides greater opportunities for collusion among Chilean economic actors. Additionally, the many connections between businesses and individual businesspeople present challenges for those who wish to avoid conflicts of interest. U.S. businesspeople should communicate honestly and carefully, assuming that information will be shared with other parties.

For particular companies, intellectual property rights protection (IPR) can also be a challenge in Chile. See [Chapter 5: Trade Regulations and Standards](#) and [Chapter 6: Investment Climate](#) for more information.

Market Opportunities

[Return to top](#)

Chile has generally recovered from the international financial and economic woes of 2008-2009 as well as the February 2010 earthquake that severely affected the economy in the southern part of the country. The housing market has rebounded, led by earthquake reconstruction projects and a housing boom in the Santiago Metro area. Energy costs continue to be the highest in South America and Chile is searching for all available technology and capital to increase supply through new power plants and promote energy efficiency.

Chile is adept at leveraging private sector involvement in public works projects and infrastructure via the “concession system” and will continue to use this strategy during 2012. Chile has privatized much of its infrastructure and basic services, such as ports, highways, transportation, and water supply. In addition, there is significant private sector involvement in education, retirement/pensions, health care, and prisons. U.S. companies will find that much of what would be a government sale in another country is a sale to a private sector interest in Chile. While government purchasing remains an opportunity, doing business in Chile is largely a private sector experience.

Many U.S. companies consider Chile an excellent platform for doing business in the region. Peru, in particular, has received significant attention from Chile-based retail companies, mining companies, and agriculture interests. Chile is South America’s largest investor in Brazil.

It is estimated that the mining and energy sectors will draw the greatest amount of private investment during 2012.

See [Chapter 4: Leading Sectors for U.S. Export and Investment](#) for some key best prospects.

Market Entry Strategy

[Return to top](#)

Establishing a local subsidiary or branch office in Chile is recommended for a U.S. exporter expecting a large sales volume and/or requiring local service support or localized inventory. Any corporation legally constituted abroad may form, under its own name, an authorized branch (agencia) in Chile.

Another practical and more common market entry strategy, especially for new-to-market exporters, is to appoint an agent or representative with good access to relevant buyers and solid technical expertise. See [Chapter 3: Selling U.S. Products and Services](#) for more details on market entry strategies.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1981.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

In general, foreign suppliers enter the Chilean market by appointing an agent, distributor or wholesaler. Most are small-to-medium size firms. Several large firms handle different product lines and operate as wholesalers. Almost all the firms have their main offices in Santiago. The larger ones have branch offices throughout the country, including the free-trade zones of Iquique and Punta Arenas. Agent/representative commissions normally range from 5 to 10 percent, depending on the product. For contract requirements, see [Local Professional Services](#) in this chapter.

Chile is a relatively small market where relationships in the business community are a key to success. The selection of a Chilean agent or representative is an extremely important decision for U.S. exporters, and merits a thorough review of possible candidates, their qualifications and capabilities. U.S. companies are invited to make full use of the wide range of market entry and partner search services offered by the Commerce Department's U.S. Commercial Service (<http://export.gov/chile/>) and for agricultural exports, the Department of Agriculture's Foreign Agricultural Service (www.fas.usda.gov). Please see [Chapter 10: Guide to Our Services](#).

Establishing an Office

[Return to top](#)

Incorporating in Chile is not expensive and takes about three weeks. The direct costs are approximately US\$1,500 for legal fees and US\$ 250 for expenses such as notary public, commerce registry and official gazette. Chile has no minimum local participation requirement, and the inclusion of local partners is guided only by commercial considerations.

The first step for a U.S. citizen, corporation or entity wishing to establish a business in Chile is to present a declaration of intent to invest in Chile to a Chilean Consulate, stating the nature of the business and the capital to be invested, simultaneously requesting a Permanent Residence Visa. This confers official residence status on the company, without which it will be barred from conducting commercial activities in Chile.

Within the framework of Chilean law, business entities can choose to set up in a variety of different corporate forms, each with different legal and tax implications. Since Chilean tax treatment of the various forms of businesses is similar, the choice of entity type is often guided by U.S. tax considerations. There is no tax treaty between Chile and the U.S. See [Chapter 6: Investment Climate](#).

Franchising

[Return to top](#)

Chile's favorable business climate is slowly opening new opportunities for the franchise industry; however, the typical franchise model is yet to work in the country. U.S. franchisors will find Chileans less willing to make the upfront investment and will not take on a commitment to open many locations until they prove the concept in one or two locations.

According to 2012 estimates, there are approximately 150 franchises operating in Chile, of which 53% are local. Thirty-five percent of these franchises are restaurants (fast food included), while 65% are all other services as in car rental, laundry, cosmetics, hotels, and apparel industries.

Franchise companies operating in Chile are subject to local trade laws, as there is no specific legislation for this industry. U.S. franchises do benefit from the U.S. – Chile Free Trade Agreement, in place since 2004. In general, royalties and fees have a withholding tax that ranges from 15% to 35%. U.S. companies are encouraged to register their trademarks before entering the market.

For further information at the U.S. Commercial Service in Santiago, please contact Commercial Specialist Veronica Pinto at: Veronica.Pinto@trade.gov

Direct Marketing

[Return to top](#)

Direct marketing is well-established in the services sector, especially in banking/finance and telecommunications services. Catalog and online sales are not commonplace with the average Chilean consumer, but are growing rapidly among the middle to upper classes, young teens and Internet savvy professionals.

The more traditional Chilean consumer generally prefers to browse in shops rather than to purchase through catalogs, although internet and catalog sales are increasing with time. This consumer type will diminish over time. Customers do want to know there is a store that can provide after sales service or address any problem that might arise.

Exchange of products in Chile is made more complicated due to value added tax (VAT) considerations. Most store policies will provide store credit, rather than cash refunds, with exchanges. The larger department and grocery store chains do provide cash refunds. Credit card penetration is lower in Chile than in the United States, but growing.

Joint Ventures/Licensing

[Return to top](#)

In Chile, joint ventures and licensing arrangements require the participation of a legally established local partner who can be responsible for Chilean legal and tax obligations. The various administrative, commercial, profit distribution and other issues involved in the association are established in contracts drawn up between the partners in accordance with Chilean law and tax regulations.

Selling to the Government

[Return to top](#)

The U.S.-Chile FTA calls for open tendering in public procurement. Tenders must be both, in writing and in Spanish, and winning bids published, including the name of the supplier and the value of the contract. The FTA provisions cover procurements by over twenty Chilean central government entities for non-construction purchases. It also covers local government non-construction procurements. The agreement also calls for non-discriminatory “national treatment” for either country’s suppliers. Tender opportunities should be published at least thirty days in advance and technical specifications or requirements should be performance-based. The agreement further establishes an impartial authority to review any challenges filed against specific procurement awards.

A government of Chile procurement website (www.chilecompra.cl) was established in March 2000 to increase transparency, enhance opportunities and reduce government procurement costs. The site serves as a central source for all Chilean government procurement, including the armed forces. Foreign and local bidders on government tenders must register with the Chilean “Dirección de Aprovisionamiento del Estado” (Bureau of Government Procurement Supplies). They must also post a bank and/or guarantee bond, usually equivalent to ten percent of the total bid, to ensure compliance with specifications and delivery dates. Bidding is best done through a local agent who is registered, well connected, and familiar with Chilean government bidding procedures.

Distribution and Sales Channels

[Return to top](#)

Establishing a local subsidiary or branch office in Chile offers would-be exporters the best guarantee of efficient service and appropriate product promotion. Corporations legally constituted abroad may form, under their own name, an authorized branch (agencia) in Chile. This method of market penetration involves an additional investment, but is justified if sales are large in volume or when local service support and/or inventory are key to success.

Another practical and more common market entry strategy, especially for new-to-market exporters, is appointing an agent or representative with good access to relevant buyers and with solid technical expertise. Most manufacturing, trade and service activities in

Chile are managed from Santiago, the capital. However, Chile's distances are lengthy, so larger representatives often have branch offices in different regions as well.

Seaports are the most important points of entry for merchandise entering Chile. Approximately 97 percent of exports and 59 percent of imports go through seaports, of which the most important are San Antonio and Valparaíso. Remaining trade exits/enters the country via airports and by surface transportation (mainly to/from Argentina, Brazil, and Bolivia). From point of entry, merchandise is distributed to final destinations mostly by surface transportation. Chile's train network is limited, although there are plans to modernize and expand it. Logistics operations have been modernized, and many new distribution centers and warehouses have been built (especially by large retailers such as department stores, supermarket chains, and distribution companies). Courier and transportation companies operate efficiently throughout the country.

Selling Factors/Techniques

[Return to top](#)

Depending on the product or service, price can be the key sales factor in Chile. Price-competitive products from places such as Taiwan, China, India or South Korea often outsell more expensive European or North American products, especially in consumer product categories such as electronics, appliances and automobiles.

Where dependability becomes more important, products such as advanced electronics or heavy machinery; Chilean customers often prefer more expensive U.S. or European products. While price remains a factor in purchasing decisions, considerations of quality, durability, technology, customer support and availability of service will also influence the purchasing decision.

All sales materials should be in Spanish.

Electronic Commerce

[Return to top](#)

Internet penetration in Chile has grown tremendously. According to industry contacts, in 2011, the size of the digital economy in Chile was upwards of US\$ 37 billion, a 15% increase compared to 2010. This expansion was driven by e-commerce growth, which reached total sales of over US\$ 23 billion; also a 15% growth compared to 2010. The B2C segment had an increment of 25% compared to 2010, reaching approximately US\$ 590 million, with a much higher volume than the B2B segment. However, small and medium size companies have yet to use ecommerce as a tool in their sales strategy effectively, as is the case in developed countries.

Following is a sample of e-commerce sites in Chile:

B2G:

Chile's government procurement site: www.mercadopublico.cl

Chile's Internal Revenue Service: www.sii.cl

National Civil Registry: www.registrocivil.cl

B2B:

Santiago Chamber of Commerce: www.ccs.cl

Sonda systems integrator: www.sonda.cl

Chilean lumber producer: www.arauco.cl
Telecommunications provider: www.entel.cl

B2C – Retailers:

www.falabella.cl
www.paris.cl
www.ripley.cl
www.sodimac.cl
www.lan.cl
www.jumbo.cl

Trade Promotion and Advertising

[Return to top](#)

- Overview
- TV
- Cable TV
- Radio
- Newspapers
- Magazines
- Our Services

Overview

[Return to top](#)

Television, radio, newspaper and magazine advertising are used heavily to reinforce in-store-merchandising methods. Private agencies handle most advertising. Most of these agencies belong to the Chilean Association of Advertising Agencies (ACHAP). According to Achap's last report, a total of \$1,117 was spent on advertising in Chile in 2010. Non-cable television accounted for 51.5 percent of all spending on advertising, followed by newspapers (27 percent), billboards/posters (7.5 percent), radio (6.8 percent), magazines (2.2 percent), cable TV (3.9 percent), the Internet or online (4.1 percent) and films (0.3 percent). See www.achap.cl.

TV / Cable TV

[Return to top](#)

Chile has five national broadcast television networks. All of them are self-supporting through advertising.

TV stations in Santiago are: Telecanal (Channel 2); Red TV (Channel 4); Universidad Católica Valparaíso (UCV – Channel 5); Televisión Nacional (TVN – Channel 7); Mega TV (Channel 9); Chilevisión (Channel 11); and Channel 13.

Programming depends heavily on foreign series and movies. Dubbed U.S. product predominates, but Mexican, Venezuelan, Brazilian, Argentine, and Japanese material is also common. Locally produced news, magazine shows, variety shows, and soap operas are high quality and draw large prime time audiences.

Cable television is a growing and important medium that reaches about 63 percent of households nationwide. Three major cable (Movistar, Claro, VTRGlobalcom) and one satellite TV systems (DIRECTV) are accessible to 95 percent of the population. All

rebroadcast all local stations and a host of international channels. U.S. offerings include CNN International, CNN Español, HBO Ole, MTV, NT, Worldnet, ESPN, Cartoon Network, and MSTV. Direct satellite television initiated service in Chile in 1997.

Radio

[Return to top](#)

Radio is the country's most extensive mass medium. Nearly all stations operate commercially, and six have network affiliates. There are over 2000 AM and FM broadcast stations nationwide. The National Radio Association (ARCHI) reports that there are 179 AM and 614 FM stations in the country, with 24 AM and 32 FM stations in Santiago alone. An estimated 93% of Chile's population listens to radio. The figure for Santiago is 97%. ARCHI's statistics state that there are 17 million radio sets in Chile.

Radio is a prime source of current news to millions of Chileans, and the national networks devote large budgets to maintaining professional news staff to meet the public's considerable news appetite. The most important national networks are Radio Cooperativa (93.3), Radio Duna, (89.7), Radio Bio Bio (99.7), Radio ADN (91.7), Radio Agricultura (92.1).

Newspapers

[Return to top](#)

Chile has approximately 50 newspapers ranging from nationally distributed dailies to small-town tabloids. Distribution ranges from as many as 227,000 copies (Sunday edition of Santiago's El Mercurio) to regional papers with 3,000 copies. Santiago has 9 newspapers with a combined average weekly circulation of approximately 760,000. The circulation of local dailies in the regions is approximately 220,000.

Two major established newspaper enterprises operate in Chile: the El Mercurio chain, owned by the Edwards family, with 3 national newspapers and 49 regional dailies affiliated throughout Chile, and Consorcio Periodístico de Chile (COPESA), owned by the Alvaro Saieh group (Corp Group), which distributes nationally La Tercera, popular La Cuarta, daily free tabloid La Hora and the newsweekly Qué Pasa. It recently launched Pulso, a business-financial oriented daily, and Qué Pasa Minería, a monthly magazine focused on mining issues. Copesa also owns several radio stations. El Mercurio of Santiago is Chile's most influential paper, followed by La Tercera.

Also published in Santiago are economic and financial newspapers El Diario and Estrategia, mass-oriented and popular tabloids Las Ultimas Noticias (El Mercurio-owned), La Cuarta, and afternoon daily La Segunda (El Mercurio-owned), and free tabloids Publimetro and La Hora.

El Mostrador is an entirely online news service. Intended as a web based information media, editorially El Mostrador is leftist in its political orientation with a strong focus on human rights and political issues. El Mostrador is a well-known and well-recognized media among young professionals and center left intellectual circles.

www.elmostrador.cl

Circulation for Santiago's major newspapers*

	Monday-Friday	Saturday	Sunday
El Mercurio (conservative, influential)	151,894	186,992	227,060
La Cuarta (popular tabloid)	114,225	111,805	141,109
La Tercera (conservative, independent)	100,645	154,746	185,357
Las Ultimas Noticias (popular tabloid)	133,264	138,450	153,877
La Segunda (afternoon, conservative, influential)	31,983	-----	-----
Estrategia (financial daily)	19,429	-----	-----
Diario Financiero (financial daily)	18,067		
El Sur (regional conservative, influential)	35,000		

*Circulation figures are from the study for the Circulation and Readership Verification System for the January 1 to June 30, 2011 period, carried out by KPMG.

Magazines

[Return to top](#)

The major Santiago current affairs magazines published for nationwide readership includes the weekly Qué Pasa (approximate 177,000 circulate with the Saturday edition of La Tercera), and biweeklies El Periodista, of independent leftist orientation (8,000), and conservative Ercilla with an approximate circulation of 10,000. Three business-oriented publications – the monthlies Capital, AméricaEconomía, Poder y Negocios, and Gestión – focus on business and professional audiences. Two biweeklies with Life-magazine style formats -- Cosas and Caras – feature photos and illustrations accompanying their “beautiful people” interviews and articles on national and international topics.

Useful web links for mayor Chilean publications

El Mercurio chain website

www.emol.com

Consortio Periodistico de Chile (COPESA)

www.copesa.cl or www.latercera.cl

Economic and financial daily Estrategia

www.estrategia.cl

Economic and financial daily El Diario:

www.df.cl/

Business and financial daily Pulso

www.pulso.cl

Useful web links for mayor Television stations

National Televisión (TVN):

www.tvn.cl

Catholic University of Chile TV (TVUC):

www.canal13.cl

Mega TV:

www.megavision.cl

Chilevisión TV (CHV):

www.chilevision.cl

Useful web links for mayor Chilean radio networks

Radio Cooperativa: 93.3 FM
Radio Agricultura: 92.1 FM
Radio BioBio: 99.7 FM

www.cooperativa.cl
www.radioagricultura.cl
www.biobio.cl

Pricing

[Return to top](#)

Pricing in Chile starts with a fairly straightforward formula based on CIF value: costs plus generally constant ship-to-warehouse expenses. Gross margins for consumer goods are generally 30 to 50 percent (or more) for direct sales to consumers, or 20 to 30 percent each for the importer/distributor and the retailer when a distribution chain is in place. The final price for mass-market items should be competitive with imports from Asia and/or Brazil. Higher-priced items must identify niche market segments to prosper. More specialized products are sold by stocking distributors or by commissioned agents who generally earn margins of 5 to 10 percent on their sales.

Under the U.S.-Chile FTA, tariffs were eliminated on most goods imported from the United States. However, Chile's value added tax (called "IVA" in Spanish) has been 19 percent since October 1, 2003. Any tariff and value added tax is usually paid by the importer and not by the supplier. There are some exceptions: government entities do not pay these taxes, and some luxury goods have higher tariffs.

Sales Service/Customer Support

[Return to top](#)

Customer service and support are fundamental to successfully penetrating and retaining market segments for most products and services. Any product that requires operator training or needs after sales technical service must have a qualified local service company. Due to Chile's relatively close-knit society, company reputations can be made or lost in a fairly short period of time.

Protecting Your Intellectual Property

[Return to top](#)

Several general principles are important for effective management of intellectual property ("IP") rights in Chile. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Chile than in the U.S. Third, rights must be registered and enforced in Chile, under local laws. Your U.S. trademark and patent registrations will not protect you in Chile. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Chilean market. It is vital that companies understand that

intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Chile. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Chilean law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Chile require constant attention. Work with legal counsel familiar with Chilean laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Chile or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Chile at: Commercial Service Rio de Janeiro, Brazil, IP Attaché Albert Keyack, email: albert.keyack@trade.gov.

Due Diligence

[Return to top](#)

Due diligence is an important part of any decision to enter into business with a foreign company. U.S. exporters who would like to request background on a prospective business partner should consider the International Company Profile (ICP) service offered by the U.S. Commercial Service. For more information on this and other U.S. Commercial Service assistance to identify and qualify your business partner, please see <http://export.gov/chile/>

Local Professional Services

[Return to top](#)

Chile's business environment and infrastructure are well-developed. There are many local companies that can provide professional services to U.S. firms.

The U.S. Commercial Service maintains a list of service providers that offer legal, financial, and administrative/HR, transportation, hotel, consulting and market research services. These firms provide support to companies initiating or expanding business in Chile. See <http://export.gov/chile/businessserviceproviders/index.asp>

U.S. Commercial Service Santiago:	http://export.gov/chile/
USDA Foreign Agricultural Service:	www.fas.usda.gov
U.S. Embassy Santiago:	http://chile.usembassy.gov
Chilean-American Chamber of Commerce (Amcham):	www.amchamchile.cl
Chilean Embassy in Washington:	www.chile-usa.org
National Chamber of Commerce	www.cnc.cl
Santiago Chamber of Commerce:	www.ccs.cl
Chilean Government Procurement website:	www.chilecompra.cl

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Agricultural Machinery and Equipment \(AGM\)](#)
- [Construction \(CON\)](#)
- [Electric Power Equipment \(ELP\)](#)
- [Food Processing and Packaging \(FPP\)](#)
- [Healthcare \(HCS/MED\)](#)
- [Mining Equipment \(MIN\)](#)
- [Safety and Security \(SEC\)](#)
- [Telecommunication \(TEL\)](#)
- [Travel and Tourism \(TRA\)](#)
- [Water Resources Equipment \(WRE\)](#)

Agricultural Sector

- [Food Processing](#)
- [Red meat and poultry](#)
- [Edible fish and seafood products](#)
- [Prepared fruit, prepared vegetables, oilseed products](#)
- [Confectionery Products](#)
- [Baked Products](#)
- [Snack Food](#)
- [Non-Alcoholic Beverages](#)
- [Alcoholic Beverages](#)
- [Dried Goods and Condiments](#)
- [Specialized Food Ingredients](#)

Agricultural Machinery and Equipment

Overview

[Return to top](#)

Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	398,668	582,157	629,562	681,191
Total Local Production	7,463	7,800	8,000	8,200
Total Exports	22,475	23,200	23,800	24,000
Total Imports	414,970	597,557	645,362	696,991
Imports from the U.S.	60,717	95,609	103,258	111,519
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production: Sofofa, Sociedad de Fomento Fabril
- Export/Import data: Chilean Customs; Central Bank

Chilean exports of agriculture and agro-industrial products grew by 12% during 2011, due to an increase of international prices and local implementation of new production processes based on new and more efficient machinery and equipment. Consequently, the market for agriculture machinery and equipment grew by approximately 44% and is expected to grow approximately 18% during 2012, and at rates between 7-8% yearly average, through 2015. Importantly, new and higher efficiency machinery has directly increased productivity. Some agriculture processes such as harvesting, have replaced the human labor with harvesting machinery. This increased use of automated equipment has helped resolve the problem of rising labor costs in the last eight years.

Despite productivity gains, Chile's exporters (of which agricultural exports represent a high percentage) have suffered due to the very weak US dollar compared to the Chilean peso. However, the weak dollar has made imported machinery and equipment denominated in US dollars more attractive. The United States accounts for approximately 16% of equipment imports.

Sub-Sector Best Prospects

[Return to top](#)

- Irrigation infrastructure is required to maximize efficiency of water usage. There is still a need for irrigation infrastructure due to the 2010 earthquake, which occurred just to the southwest of Chile's main agricultural region.
- Precision agriculture equipment: To effectively monitor production conditions and improve crop yield.
- Fresh fruit harvesting equipment: To reduce labor and production costs.

- In general, machinery and equipment that reduce energy consumption, that are environmentally friendly, and that makes processes more efficient are good prospects within the industry.

Opportunities

[Return to top](#)

The following trade shows provide an excellent opportunity to enter the Chilean market:

- Vinitech (wine industry trade show), March 2013, Santiago: www.vinitech.cl
- Agrotech (agriculture machinery and equipment trade fair), September-October 2013, Santiago: www.agrotech.cl
- FruitTrade (related to fruit production and exporting), October 8-9, 2012, Santiago: www.fedefruta.cl

Best opportunities relate to sub-sector best prospects (above). There are ongoing sales opportunities but no major projects to report at this time.

Web Resources

[Return to top](#)

ODEPA, Oficina de Planificación Agraria (Chilean Office for Agricultural Policy Studies): www.odepa.cl

Ministry of Agriculture: www.minagri.gob.cl

SAG, Servicio Agrícola y Ganadero (Agriculture and Cattle Service): www.sag.gob.cl

SNA, Sociedad Nacional de Agricultura (National Association of Agriculture): www.sna.cl

INDAP, Instituto de Desarrollo Agropecuario, (Institute of Agriculture Development): www.indap.cl

SOFOFA, Sociedad de Fomento Fabril, (Industrial Manufacturers Association): www.sofofa.cl

Construction (CON)

Overview

[Return to top](#)

Unit: USD millions

Construction Equipment	2010	2011 (estimated)	2012 (estimated)	2013 (estimated)
Total Market Size	786	864	959	1,069
Total Local Production	1	1	1	1
Total Exports	61	72	80	84
Total Imports	846	935	1,038	1,152
Imports from the U.S.	338	374	412	459
Exchange Rate: 1 USD	510	484	486	489

Source: Chilean Customs Data, industry experts and local research
Total Market = Total Imports + Local Production - Exports

In 2011, Chile's construction sector grew by 9% (a sharp improvement from the contraction of 5.7% recorded in 2009), and is expected to grow by 11% in 2012. Public investment reached \$ 2.5 billion during 2011 and industry analysts expect the construction sector to continue expanding significantly at least until 2015, driven by higher investment in housing and infrastructure.

Most of this new growth will be fueled by massive investment in mining projects in northern Chile and related energy projects. Investment in mining over the next five years is expected to total US\$ 50 billion. In addition, the Chilean government will continue efforts to finalize repair and rebuilding of housing and public infrastructure damaged or destroyed during the February 2010 earthquake. The administration also updated the country's concession programs, promising fresh investment in port expansions, new highways and other infrastructure, totaling US\$ 14 billion through 2014.

With 36.8% of the Chilean market, the U.S. is the single largest supplier of the Chilean construction industry, mostly with high-tech building materials and capital equipment, followed by Germany (15.9%), Japan (9.8%), and China (4%).

Based upon the most recent sectorial forecasts, the construction industry (public and private combined) will invest almost US\$ 34 billion in 2012.

Sub-Sector Best Prospects

[Return to top](#)

Chile manufactures very limited types of construction equipment, mostly mining related. The vast majority of equipment is imported, and U.S.-made products are highly regarded by Chilean buyers.

The best opportunities for U.S. exports are for those products that offer high levels of efficiency, reduced operational costs and ease in getting the job done. The most promising are in areas such as energy efficiency products and supplies, earth moving equipment, concrete technology for high-rise building construction (scaffolding, concrete pumps), and consumables that accelerate the building process.

Opportunities

[Return to top](#)

- Housing (all income levels, but with special emphasis on social projects)
- Public Works (highways, airports, ports, hospitals)
- Mining & general industry construction
- Private buildings (offices, hotels, first & second homes, lake and beach resorts)
- Retail, especially shopping malls
- Educational and private health facilities
- Industrial facilities

Web Resources

[Return to top](#)

www.cchc.cl :	Chilean Chamber of Construction
www.mop.cl :	Ministry of Public Works
www.minvu.cl :	Ministry of Housing and Urbanism
www.ingenieros.cl :	Chilean Association of Professional Engineers
www.colegioconstructores.cl :	Chilean Association of professional Construction Engineers
www.aoa.cl :	Chilean Association of Architectural Bureaus
www.colegioarquitectos.com :	Chilean Association of Professional Architects
www.chilegbc.cl :	Green Building Council Chile

For additional information you may contact Mary.Lathrop@trade.gov

Electric Power Equipment (EPE)

Overview

[Return to top](#)

Unit: USD millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	890	1,069	1,248	1,528
Total Local Production	85	100	120	150
Total Exports	73	71	72	72
Total Imports	878	1040	1200	1450
Imports from the U.S.	132	164	180	225
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

- Total Local Production:
- Export/Import data:

In 2012, the demand for electricity in Chile is expected to grow by 6 - 7%. This is in line with the average annual demand growth over the last twenty years of 6.7 %. Chile is facing a complex scenario with a lack of indigenous energy sources combined with a need for additional investment in generation and most critically in transmission.

The Chilean economy is expanding and the government expects the country will need an additional 10,000MW of installed capacity by 2020 to meet rising demand. Power generation projects totaling USD 16.8 billion in investment are expected during the period 2010-2015.

The energy crisis in 2011 was managed with “covert rationing,” where The Electric Energy Dispatch Center (CEDEC) told large customers to accept a 5% decrease in the voltage.

Renewable energy will remain a single digit percentage, under 3%, of Chile’s total energy matrix for the foreseeable future. Projects in hydropower, biomass, biogas, wind, and solar energy are receiving increased government support and garnering private-sector attention.

Chile has specific legislation (Law 20257) that makes mandatory the use of non-traditional renewable energy sources (wind, geothermal, solar, biomass, bio-fuels, and mini-hydro). A minimum of 5% of all the energy injected into the main two grids until 2014 and up to 10% by the year 2024 must come from renewable sources. Even more recently, the government has announced a target of 20% renewable by 2020.

Generation

- Hydro-generation plants from 20 MW to 500 MW
- Thermal-generation plants in the range of 100 MW - 300 MW
- Clean coal technology plants (The government recently announced the tightening of coal emissions)
- Combined-cycle gas fired plants and support systems
- Dual gas/diesel fired plants
- Geothermal plants
- Wind generation plants: >0.3 MW - 10 MW, horizontal, variable speed, pitch reg., >50 mt. mast turbine
- Solar panels – utility scale as well as for water heating (The GOC launched a subsidy program for new low cost houses that includes this technology and induce saving in natural gas)

Transmission

- High efficiency transmission equipment and supplies, aimed to transfer electric energy
- >1,000 miles
- Environmental solution services
- NOx, particle and CO2 abatement equipment
- Scrubbers, fumes treatment technology and equipment.

Distribution

- Electric control instruments
- High efficiency transformers
- Signal conditioners

Opportunities[Return to top](#)

Export opportunities in the area of electric power equipment are a consequence of a surge in power generation and transmission investment that will require direct investment and supplies exceeding USD 25 billion between 2012 and 2015.

Web Resources[Return to top](#)

- www.cne.cl : Chilean Energy Commission
- www.cdecsic.cl : Central Interconnected Grid Management System
- www.cdecsing.cl : Northern Interconnected Grid Management System
- www.revistaei.cl : Electric Industry Magazine

Food Processing and Packaging Machinery and Equipment (FPP)

Overview

[Return to top](#)

	Unit: USD millions			
	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	64.5	71.8	81.3	89.1
Total Local Production	0.5	0.5	0.6	0.7
Total Exports	6.0	6.7	7.1	7.5
Total Imports	70.0	78.0	87.8	96.6
Imports from the U.S.	10.5	12.5	14.0	16.2
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports - Total Exports)

Data Sources:

Total Local Production: Sofofa, Sociedad de Fomento Fabril; industry contacts

Export/Import figures: Chilean Customs; Central Bank; industry key contacts489

Chile is number 15 among the world's food suppliers. Projections place Chile among the top ten countries in food exports by 2015, with annual exports expected to reach between USD 15 and USD 17 billion. Chile is a large producer of fish and seafood products, as well as wine, dairy and meat products and by-products.

The Chilean food industry is the second largest export sector in the country, after copper. Food exports have doubled in the last 10 years. During 2011, Chilean agricultural exports accounted for 11% of the country's GDP, exporting approximately USD 1.5 billion of processed fruits and vegetables, an increase of 25.2% over 2010. Main products in this group are raisins, frozen raspberries, and dehydrated prunes. Two products that exemplify the country's potential for production and exports of agro-industrial products are frozen blueberry exports (314% increase) and olive oil exports (98% increase).

The market for food processing equipment and machinery grew from USD 64.5 million in 2010 to approximately USD 72 million in 2011, representing roughly 12%, mainly due to private industry expansion projects. Conservative projections estimate annual growth of about 10% - 12% for the next five years.

Chile's mediterranean climate and favorable geography make it qualified to produce a wide range of food products. In addition, the country is effectively a phyto-sanitary island which together with strict government policies, maintain Chile free of most pests and diseases. A major advantages as a southern hemisphere producer is the ability to do counter-season exports to the northern hemisphere.

Sub-Sector Best Prospects

[Return to top](#)

Chilean wine, salmon, trout, and fresh fruit are well recognized internationally, and even though still growing, have reached maturity as sub-industries. The salmon industry suffered a severe crisis, an outbreak of the ISA virus, but is well in the recovery stage. This represents an opportunity for U.S. exporters of veterinary products as well as environment-friendly equipment and supplies. Strong growth products include meats (beef, poultry, pork and exotic meats), olive oil, aquaculture products (mussels, abalone, scallops, tilapia, oysters, catfish, etc.), and dairy products.

Chile is moving from exporting raw material and commodities, to value added products, which require more processing equipment as well as packaging equipment. The dairy industry continues to grow its production and exports. However, this sub-sector uses mainly machinery and equipment of European origin, especially from Denmark, Finland, Holland, Spain and Germany.

Opportunities

[Return to top](#)

Good opportunities exist for the export to Chile of new technologies, food processing and packaging machinery, and equipment that allow for improved quality, energy efficiency and increased production. Chilean producers are constantly on the look for environmentally friendly machinery, equipment and supplies to comply with requirements from destination countries and importers (Japan, EU., U.S., etc.).

The two largest dairy companies, Nestle and Soprole, announced their intention to merge, which would have an impact on the local market and provide additional requirements for machinery and equipment.

The following trade shows provide an excellent opportunity to enter the Chilean market:

- Vinitech (wine industry trade show), July 2013, Santiago: www.vinitech.cl
- Agrotech (agriculture machinery and equipment trade fair), June, 2013, Santiago: www.agrotech.cl
- FruitTrade (related to fruit production and exporting), October 8-9, 2012, Santiago: www.fedefruta.cl
- Pesca Sur (commercial fishing equipment trade fair), www.pesca-sur.cl
- Aqua Sur, (aquaculture fair), Oct. 10-13, 2012, Puerto Montt, Chile: www.aqua-sur.cl

Web Resources

[Return to top](#)

www.chilealimentos.cl - Chile Alimentos, Chilean Food Producers Association

www.salmonchile.cl - SalmonChile, Chilean Association of Salmon Industry

www.apa.cl - APA, Chilean Association of Poultry Producers

www.asprocer.cl - ASPROCER, Chilean Association of Pork Producers

www.winesofchile.org - Wines of Chile, Association of Wine Producers and Exporters

www.chileoliva.cl - Chileoliva, Chilean Association of Olive Oil Producers

www.fedefruta.cl - Fedefruta, Chilean Association of Fresh Fruit Producers

www.asoex.cl - ASOEX, Chilean Association of Fruit Exporters

www.chileanavocados.org - Chilean Avocados Importers Association (Washington D.C.)

Healthcare (HCS/MED)

Overview

[Return to top](#)

Unit: USD millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	407	545	628	722
Total Local Production	2	2	3	3
Total Exports	12	11	12	13
Total Imports	417	554	637	732
Imports from the U.S.	145	182	209	240
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Chile Customs Data, industry experts and elaboration

Total Exports: Chile Customs Data

Total Imports: Chile Customs Data

Imports from U.S.: Chile Customs Data

The Ministry of Health's 2012 budget will strengthen primary healthcare attention, as well as begin the construction of 24 new outpatient centers. This focus is based on the epidemiologic reality of the Chilean population: there has been an increase in chronic diseases, the population is aging, and many primary healthcare conditions go untreated. To achieve this goal, the plan considers an increment in the number of healthcare professionals, the reconstruction of 7 hospitals, and investment in information technology for interconnected digital medical records.

The public healthcare system is comprised of 183 hospitals: 59 high-complexity, 24 medium-complexity and 100 low-complexity hospitals. In all, the public sector has approximately 26,300 beds. FONASA, the government-run healthcare insurance system, covers 75% of the population; of the remaining 25%, approximately 5% lacks any type of insurance, and 20% (bordering on 2.6 million people) pay into the private sector insurance system provided by entities called ISAPRES. There are 7 Isapres currently operating in the Chilean market.

In the private sector, there are 109 hospitals, with approximately 15,000 beds. There are a considerable number of expansion projects and new investments currently ongoing in the private sector.

Additionally, the Universal Access to Healthcare government program, called "Plan AUGE or GES", started in 2005, continues to benefit the population. It consists of government-funded subsidized healthcare coverage for currently 76 diseases considered to be high-incidence.

In general, there is no government-required registration imposed on medical equipment, except for nuclear medicine equipment, which does need special authorization. Medical devices have no registration requirements either, except for condoms, gloves, needles, and syringes that do need authorization/quality control assessment to certify their safety. However, pharmaceuticals do have mandatory registration that is granted by the Institute of Public Health.

Sub-Sector Best Prospects

[Return to top](#)

There are interesting opportunities for U.S. exporters of medical equipment and devices, including autoclaves, surgical tables, disposable and non disposable surgical instruments, cardiology equipment – including pacemakers and ECG monitors (low and medium complexity) – ventilators, infusion pumps, aspiration pumps, central monitors, echotomography, mobile incubators, trauma equipment, anesthesia instruments and appliances, ophthalmoscopes, and hospital beds.

Opportunities

[Return to top](#)

Opportunities will arise with the construction of new hospitals and healthcare centers in the public sector. These will require equipment and devices. Additionally, ongoing private sector projects and new expansion investments will require furniture, equipment, and devices. The best way to participate is to appoint a local representative with good contacts in the public and private sector, and a network of sales people throughout the country.

Web Resources

[Return to top](#)

Ministry of Health: www.minsal.cl

Fonasa: www.fonasa.cl

Association of Isapres: www.isapre.cl

Health Superintendency: www.supersalud.gob.cl

Institute of Public Health: www.ispch.cl

Association of Private Clinics: www.clinicasdechile.cl

Expo Hospital: www.expohospital.cl

For additional information, please contact Veronica.Pinto@trade.gov

Mining Equipment (MIN)

Overview

[Return to top](#)

Unit: USD Millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	2,848	3,622	4,704	5,550
Total Local Production	504	646	840	950
Total Exports	185	256	336	400
Total Imports	2,529	3,232	4,200	5,000
Imports from the U.S.	1,025	1,411	1,800	2,200
Exchange Rate: 1 USD	500	484	486	489

(In millions of US dollars. Source: Chilean Customs Data, industry experts and own elaboration)

Total Market= Total imports + Local Production – Exports

Chile is the number one source of copper in the world, responsible for producing 35% of world supply. For Chile, mining is 20% of GDP and represents 60% of the country's exports.

In addition to copper, Chile is also a major world supplier of molybdenum, gold, and silver. Chile is also a relevant supplier of non metallic minerals such as iodine, lithium, sodium and potassium nitrate.

In 2011, the average price of copper was US\$ 4/lb. Future contracts indicate that in 2012 copper prices will remain above US\$ 3/lb during 2012. Projects are under development by the state-owned mining company, Codelco, and the private sector via companies such as AMSA, Xstrata, BHP Billiton and others.

Chile currently holds the largest proven reserves of lithium under exploitation. Due to Chile's current world market share of 62%, along with the demand coming from the battery powered automotive industry, lithium will be the focus of international investors. Currently there are only two companies active in the industry: Soquimich S.A. (SQM) and Sociedad Chilena del Litio (SCL). However, the government announced in February 2012 plans to open additional lithium mining rights via an international tender model.

Over recent years, the mining industry has been investing not only in mining development and expansions, but in developing their own sources of energy. Mining companies are looking for renewable sources of energy in an effort to reduce the carbon footprint.

The U.S., with over a 40% market share, remains the single largest mining equipment supplier. Important export opportunities in this industry will continue for those companies offering technologies and products that bring cost reduction, improved productivity and more efficient and cleaner processes.

Freeport McMoran Copper & Gold Inc. out of Phoenix, Arizona is the only U.S. company mining company in the market. The major local mining players continue to be the Canadians, Australians and some European companies.

Best Prospects/Services

[Return to top](#)

A brief list of mining parts, equipment and technologies on demand follows:

- Equipment that requires regular replacement:
 - Crushers
 - Grinders
 - Off-road trucks (240-440 tons)
 - Cabbed truck chassis (+ 50 tons)
 - Parts for rock cutters
 - 360-degree revolving excavators
 - Cranes and screening machines
- Environmental system solutions
 - Water treatment
 - Water desalination
 - Air pollution abatement
 - Mine closure
 - Carbon footprint reduction
- Underground mining technology services
- Wear-resistant materials

Opportunities

[Return to top](#)

Industry projections indicate that between 2012 and 2018, investments by the private and public sector will exceed \$ 60 billion, and U.S. exporters will continue to supply to Chilean importers.

Resources

[Return to top](#)

EXPONOR: CS Certified Trade Show. June 2013: www.exponor.cl

EXPOMIN: Expomin is a CS Certified Trade Show. The world's largest mining trade show outside of the U.S. Expomin 2012 will take place in April 2012, in Santiago: www.expomin.cl

Chilean Copper Corporation	www.cochilco.cl
National Society for Mining	www.sonami.cl
National Mining Company Association	www.enami.cl
Ministry of Mining	www.minmineria.gob.cl
Ministry of the Environment	www.mma.gob.cl
Association of Suppliers to the Mining Industry	www.aprimin.cl
National Mining Council	www.consejominero.cl

For additional information you may contact Marcelo.Orellana@trade.gov

Safety and Security (SEC)

Overview

[Return to top](#)

Unit: USD millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	175	199	227	258
Total Local Production	7	8	9	10
Total Exports	11	13	15	18
Total Imports	179	204	233	266
Imports from the U.S.	43	51	58	66
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Chile Customs Data, industry experts and elaboration

Total Exports: Chile Customs Data

Total Imports: Chile Customs Data

Imports from U.S.: Chile Customs Data

The safety and security industry in Chile grew approximately 14% during 2011, and according to industry contacts, the same growth is expected in 2012. The market share for 2011 imports was: China 30%, followed by the United States with 25%, and Germany with 4%. These figures include security equipment and devices used in the construction of residential, commercial, and industrial compounds, firefighting, and safety devices. China's market share can be explained both by the price factor and the China-Chile Free Trade Agreement, enacted a couple of years after the US-Chile FTA, in place since 2004.

President Piñera recently announced a framework law for firefighters, mandating the state to provide them with a dedicated annual budget. The law highlights the relevance of the service provided by firefighters during emergencies, giving them the resources to upgrade their equipment.

Sub-Sector Best Prospects

[Return to top](#)

Access control, parking systems, fire detectors, sprinklers systems, extrication equipment, firefighting suits, alarms and monitoring, CCTV, outdoor perimeter protection, locks, safes, sensors, vehicle protection, and general safety gear for industrial use are currently on demand.

Opportunities

[Return to top](#)

Opportunities continue to be present in the residential, commercial, and industrial sectors. For example, there are numerous shopping malls under construction that will

require security equipment. At the same time, the administration is facing the need to supply the police with modern crowd control equipment, due to increased demonstrations.

High priority is placed in upgrading the prison system because of inmate overcrowding. Accordingly, there is a second concessions program for the construction of penitentiary compounds.

The current administration continues to assign a high priority to crime reduction. ATM machine robbery, vehicle theft, and frequent store break-ins at night.

Web Resources

[Return to top](#)

Ministry of Interior: www.inerior.gob.cl

Chilean Police: www.carabineros.cl

Investigative Police: www.policia.cl

National Council of Firefighters: www.bomberos.cl

For additional information, please contact Veronica.Pinto@trade.gov

Telecommunications (TEL/TES)

Overview

[Return to top](#)

Unit: USD millions

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	4,680	3,953	4,330	5,129
Total Local Production	220	190	225	250
Total Exports	200	167	195	225
Total Imports	4,660	3,930	4,300	5,104
Imports from the U.S.	549	471	541	622
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Local industry source.

Total Exports: Chile Customs Data, Southbridge

Total Imports: Chile Customs Data, Southbridge

Imports from U.S.: Chile Customs Data, Southbridge

Source: Unofficial estimates based on info from industry sector sources)

Chile's telecommunications sector is completely privatized and probably the most advanced in Latin America. The Under Secretariat of Telecommunications (SUBTEL) regulates the sector, sets standards and issues licenses and concessions. Since privatization began in 1988, huge infrastructure investments have been made by the private sector. As a result, Chile's telecom industry grew an average of 20 percent annually over the last decade. Investments in modernization of equipment and implementing new technologies will continue. It is estimated that the telecom sector will continue growing at an estimated rate of 15 percent annually.

The mobile telephony market is the fastest growing subsector in the telecommunications market. Chile has a population of 16.7 million and there are 19.8 million mobile phones in the market. Number portability was recently introduced in Chile, generating stronger competition among mobile communications operators. Due to the high penetration of mobile services, the fixed line market in Chile is declining. Residential fixed lines accounted for 62% of the market in 2009 but fell 6.2% in 2010. Commercial landlines account for 35% of the market.

Chile's telecom industry showed great deficiencies after the earthquake in February 2010, so the government had to promote the development of the communications infrastructure. Chile's authorities hope to improve connectivity, education, and, most important, the integration of all of Chile's regions. Both the private and the public sectors' efforts to extend current fixed lines and mobile infrastructure have slowly resulted in increased revenue for operators. The government has also tried to modify current regulations to allow companies to focus efforts on expansion.

Telecom imports are critical since the high-tech telecom equipment is not manufactured locally. Local manufacture is limited to some copper cable and telephone exchange.

U.S. products are highly regarded for their high quality. However, the United States market share is affected by the strong competition from manufacturers of other countries, especially from Asia, that offer lower prices for similar of equipment even though it is not of the same quality.

Sub-Sector Best Prospects

[Return to top](#)

Chile does not manufacture telecommunications equipment. There are interesting opportunities for U.S. exporters of equipment, products and services for the telecommunications sector, especially in the fastest growing wireless communications sector. With the entry into the market of two new operators of mobile communications, Nextel and VTR, the competition among operators will become stronger in order to maintain and increase their market share. These companies have had to make huge investments during the last couple of years to implement their network and operations.

Opportunities

[Return to top](#)

The introduction of number portability in Chile is generating fierce competition among operators of mobile communications. This system will allow subscribers of different mobile companies to switch from one company to another without losing their number. This is generating fierce competition among operators of mobile communications that must find new and additional products and services to compete. Providing an excellent service and coverage is no longer enough. Chile offers a good potential for all value-added services and corporate communications services, such as hot lines, home security services, automatic collect-calls. Also, according to recent studies completed in Chile, the trend for young people it to use their cell phone for playing music and playing games.

Web Resources

[Return to top](#)

Ministry of Transportation and Telecommunications: www.mtt.gob.cl
Under Secretariat of Telecommunications: www.subtel.cl
Association of Mobile Telephony: www.atelmo.cl

For additional information, please contact Isabel.valenzuela@trade.gov

Travel and Tourism Services (TRA)

Overview

[Return to top](#)

	2010	2011	2012 (estimated)	2013 (estimated)
Total Outbound Travelers	2,514,729	2,963,834	3,450,000	4,150,000
Total Inbound Travelers	2,575,028	3,000,496	3,500,000	4,200,000
Total Travelers to the United States	312,074	341,440	380,000	420,000
Total Travelers from the United States	329,006	373,763	450,000	540,000
Exchange Rate: 1 USD	500	484	486	489
Source:www.jac-chile.cl				

The United States remains one of Chile's most popular foreign destinations. The favorable exchange rate dollar/peso makes the United States an even more attractive destination. Chileans have increased their traveling within South and Central America and the Caribbean enticed by the relative proximity, the absence of visa and/or passport requirements, and the availability of all-inclusive resorts. In Latin America, Brazil and Argentina are Chileans' preferred destinations.

In Chile, one third of all travel takes place during January and February. The spring school break in September and winter school break in mid-July are also busy travel times. During summer months, Chileans tend to spend vacation on the Chilean coast. The preferred international beach destinations are Florida and the Caribbean islands. The last couple of years, the demand for beaches in Panama, Peru and Colombia has increased considerably and tour operators have responded with very attractive packages at extremely affordable prices.

Chilean frequent travelers seek more exotic destinations and will travel any time of the year. Frequent travelers also enjoy attending special events during their trips, such as musical shows, sport events or stay at resorts where they can play golf or tennis. Cruises to Hawaii, Alaska and the Caribbean have become more and more attractive.

Incentive travel is increasing gradually. Most of the arrangements for incentive and corporate travel are done by the wholesalers and travel agencies that promote leisure travel or they are organized in-house by the company doing an incentive trip.

Best Prospects/Services

[Return to top](#)

Most Chileans prefer to make all travel arrangements with their travel agents, including airline tickets, hotel, car rental, and attractions. Booking via the internet is increasing rapidly, especially among young people.

Leisure travel

- Family attractions and amusement parks such as, Disney, MGM Studios, Epcot Center, Animal Kingdom, Sea World, Wet 'n Wild, Bush Garden and others.
- Beach and water sports
- Shopping malls and outlets.

Studying in the United States

- Studying English as a second-language has increased its demand in high school and college students and young business people.
- Post-graduate studies have become very common and many Chilean universities have agreements with U.S. colleges for exchange of students or for completing a quarter or semester in the United States.

Business Travel

- There are many U.S. companies with offices in Chile and Chilean companies with investments in the U.S. The United States is one of Chile's primary trade partners.
- Chilean professionals attend trade exhibitions and conferences in all industry sectors.

Opportunities

[Return to top](#)

Promotional events are key in the travel industry, such as tourism trade shows, organize familiarization trips for press and wholesalers, publicize in specialized travel and tourism magazines. Also it is important is to become a member of the Visit USA Committee Chile (www.visitusa.cl) and use the U.S. Commercial Service to conduct a Single Company Promotion. (www.trade.gov/chile).

The Visit USA Show Chile, organized by the U.S. Commercial Service and the Visit USA Committee Chile, promotes exclusively the United States as a destination. U.S. exhibitors include Convention and Visitors Bureau, hotels, attractions, parks, shopping malls and outlets, airlines, car rentals, cruise lines and many others.

The next Visit USA Show Chile will take place on May 14-15, 2012 in Santiago, Chile. Participation fee is US\$ 600. To participate, contact Isabel.valenzuela@trade.gov

Resources

[Return to top](#)

- U.S. Commercial Service Chile: www.trade.gov/chile
- Visit USA Committee: www.visitusa.cl
- Revista del Domingo de El Mercurio:
http://diario.elmercurio.com/2009/01/30/revista_del_domingo/_portada/index.htm
- Revista Travel Time: www.revistatraveltime.com
- Revista La Agencia de Viajes, Ladevi:
http://www.ladevi.com.ar/web/products/ladevi_col_eng.php

Water Resources Equipment (WRE)

[Return to top](#)

Overview

[Return to top](#)

Unit: USD thousands

	2010	2011	2012 (estimated)	2013 (estimated)
Total Market Size	1,500	2,500	4,000	5,000
Total Local Production	300	500	800	1,000
Total Exports	n/a	n/a	n/a	n/a
Total Imports	1,200	2,000	3,200	4,000
Imports from the U.S.	360	600	960	1,200
Exchange Rate: 1 USD	500	484	486	489

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Unofficial estimates based on info from industry sources from the public and private sector.)

The depletion of the underground water reserves that have supplied the cities and mining operations in northern Chile will continue over the next few years, forcing consumers to look elsewhere for their water supply. While still expensive, the cost of desalinating sea water has decreased to a fifth of what it was 30 years ago and requires six times less energy. Desalinization is a viable option despite the distances that water must be pumped to reach the mining operations located 300+ kilometers inland.

The threat of less rainfall and the deterioration of glaciers clearly indicate that one of the main challenges is and will continue to be lack of water. Chile already has plants in operation and Arica-Parinacota, Chile's northernmost city, expects to meet 100% of the demand by 2014.

According to the "Dirección General de Aguas", or DGA (www.dga.cl), the private sector has plans to invest between USD 4 and 5 billion in northern Chile's desalination business through 2014. It is expected that this figure will be complemented by additional investment as a result of government incentives. Between 2012 and 2014, there have been investments announced that will exceed \$20 billion.

The strongest growth in demand for water is expected in mining and industrial operations as these industries expand. More moderate growth in demand will be seen in agricultural and potable water as the infrastructure is largely in place in these areas.

Opportunities

[Return to top](#)

According to industry experts, the greater potential in environmental technologies will be oriented to the water sector during the next years. Below is a list of best prospects:

- Project design and construction of desalinization plants.

- Water and Waste Water Treatment equipment and technologies
- Project design and construction of water treatment plants.
- Preventive maintenance techniques in water treatment plants, such as vibration, laser alignment, oil dialysis and others.
- Reutilization of wastewater for agricultural irrigation.
- Biological biosolid evaporation processes and latest generation biosolid evaporation systems.

Participating in trade shows offers a unique opportunity for U. S. suppliers to introduce their products and services in the Chilean market:

- Expo Agua, the water show takes place in Chile every two years. The next version of the event will take place in October 2013.
- Expomin is a CS Certified Trade Show and it gathers over 2,500 exhibitors. The U.S. Pavilion has approximately 200 exhibitors. Expomin 2012 will take place in April 2012 in the city of Santiago: www.expomin.cl

Web Resources

[Return to top](#)

www.mop.cl : Ministry of Public Works
www.aepa.cl : Environmental Association
www.siss.cl : Superintendence of Sanitary Services
www.dga.cl : Water General Directorate
www.cnr.cl : National Irrigation Commission

For additional information, please contact Isabel.valenzuela@trade.gov

The Chilean food industry is primarily based on the country's agricultural resources and remains, to a significant degree, dependent on agro-based exports. The agricultural industry is one of the staples of the Chilean economy, generating around US\$ 4 billion in exports annually. It represents around 25% of the country's GDP and is the second most important exporting sector.

The Chilean food system employs 1.2 million, representing almost 20% of the country's economically active population. It is expected that by the year 2030 the GDP generated by the food sector will account for more than 35% of Chile's GDP, and one out of three workers will have jobs within this industry.

Chile has excellent natural conditions to continue developing its agro-industrial and food industries. The country's southern hemisphere location means that it produces crops during the opposite seasons to the world's major consumer markets in the northern hemisphere. In addition, its elongated north-south orientation means that harvests can be staggered throughout the growing season. Furthermore, the country's relative geographical isolation (desert in the north, the Andes mountain range to the east, the Pacific Ocean to the west and south), which together with a strict government policy, maintains Chile as a country free from most pests and diseases.

According to the Food and Agriculture Organization of the United Nations, Chile's food exports have grown at an average annual rate of 10% over the past decade. This ranks Chile as the fastest growing food exporting country, supplying more than 150 countries around the globe with fresh and processed foods and beverages.

The fruit, wine, poultry, pork, beef and fish-farming industries each offer tremendous export potential as a result of global trade liberalization, particularly between Chile and Asia. These sectors also benefit from the government's efforts to diversify its export sector away from copper to high value-added agricultural exports – most notably salmon and wine.

Multinational food manufacturers have a long history of investing in Chile and firms such as Nestlé and PepsiCo have manufacturing plants in the country. Although domestic consumption of processed food is rising steadily, most food and drink firms investing in Chile focus on how they can utilize the country's extensive natural resources and network of trade agreements to boost their sales in markets outside of Chile.

The processed (packaged) food sector's annual growth is represented by the sector's exports, which grew from US\$ 717 million in 2004 to more than US\$ 1.5 billion in 2008. The processed food sector is one of the main growth generators in Chilean exports, mainly due to the production increase of fruits and vegetables in their different formats (canned, dehydrated, frozen and juices). Other major exports are chocolates, cookies, candies and refreshments. Each one of these products has its origin in more than 200 industrial plants throughout the country.

About 10-15% of products sold in supermarkets are imported, but this segment has grown by 85% over the last five years.

The number of Chilean food processing companies has shrunk through mergers and acquisitions during the last couple of years. Currently, 53 companies dominate the market.

As food processors seek to rationalize their costs, they are leaning towards direct purchases and away from middlemen. As the big processors continue to grow, they reach economies of scale by negotiating directly with the supplier, even on a global scale. Smaller buyers still depend on distributors to manage their stock.

Manufacturers in mature sectors such as pasta, oils and fats have launched value-added products in order to develop high value niches in their market.

The following foreign food imports are in the highest demand: snack foods, healthy snacks, energy products, specialty drinks, cookies, tuna, dietetic snacks and candies, baked goods and mixes, sweets, gums and chocolates.

Food Ingredients for Food processing Sector

[Return to top](#)

The market continues to consolidate through mergers, leaving a wide gap in size and capacity between the leading food producers and the small ones.

Convenience is the main trend in packaged food. Consumption trends influencing the type and quality of inputs being used include:

- Easy-to-prepare food as more people, including women, join the workforce and spend less time at home
- Out-of-home meals become more frequent as young people continue adopting new fast foods and snack foods as part of their diet
- Light foods and beverages continue capturing market share

Consumers declare that the most valued benefit from specific items is health, quality, convenience and security. Functional foods are part of the usual shopping list of Chileans, especially among women and the medium and upper classes. Chileans give important credit to brands (in 80% of the cases, it determines the purchase selection due to its quality recognition).

The small organic food market has been steadily growing over the past eight years. The market, which was worth only US\$ 200,000 in 2003, today represents US\$ 7.4 million in sales and is expected to grow to US\$ 53 million by 2013. The high price of organic goods is the main obstacle preventing some from consuming these alternative food products. Organic production in Chile is primarily an export driven activity.

Advantages and Challenges facing U.S. Food Ingredients in Chile [Return to top](#)

Advantages	Challenges
The U.S. is a strong trading partner through the U.S. Chile FTA and its products are welcome.	Quality of food ingredients from around the world has become very similar, abiding by U.S. and European standards.
U.S. food inputs are known for their quality. They meet respected FDA & USDA standards. Health concerns are low.	Chile has FTAs with many countries, allowing them to be price conscious and highly competitive; therefore removing dependency from any particular region.
Certain companies have corporate requirements to purchase U.S. inputs, such as Nestlé for products exported to the U.S.	Prices for U.S. products may still be higher than local products or imports from nearby countries, even after the FTA. FOB prices for U.S. inputs tend to be at least 10 higher than local prices for equivalent quality.
Rising disposable incomes have generated interest in foreign and higher quality foods.	Price sensitivity is strong due to high inflation and the economic downturn.

[Return to top](#)

Process Food Sector by Specialization

Red Meat and Poultry [Return to top](#)

The poultry industry is the largest meat producer in Chile, producing 43% of total meat production in 2010. Pork accounted for 40% and beef 16%.

For the first time, in 2008 pork overtook beef to become the country's second preferred meat after chicken. Pork is the fastest growing sector with consumption having increased by 58.87% during the last 10 years, compared to a 33.92% increase in poultry and a 2.95% decrease in beef consumption over the same period.

Chile imports most of its beef from Paraguay, but because of the discovery of Foot and Mouth Disease identified in late 2011, shipments have been halted and other suppliers are being sought. This is a great opportunity for U.S. suppliers to gain market share in the Chilean market.

Product	Bovine	Pork	Poultry
Local Production (2010)	210,700 tons	498,000 tons	536,000 tons
Imported (2010)	135,000 tons	12,708 tons	64,320 tons
Exported (2010)	6,968 tons	99,925 tons	89,069 tons

Source: ODEPA/Index Mundi

Producers

The market in Chile is very concentrated with five companies producing 75% of meat in the country. The AASA Group is the leader in the beef sector.

Agrosuper through its various brands is the dominant producer in the market. Agrosuper's "Super Pollo" poultry brand has 53% market share. Agrosuper also leads the pork market through "Supercerdo" with 65% market share. Agrosuper's Sopraval is the market leader in turkeys with 64% market share.

For a full list of Chilean producers see:

http://www.mercantil.com/rc/port_select_companies.asp?acti_code=412&code2=&countrysearch=1&lang=eng

For a list of suppliers of food ingredients and machinery see:

<http://www.mercantil.com/SE/makequeryactivities.asp?keywords=meat&Countrychk=1>

Main Importers/Suppliers

Beef

Rank	Company	US\$ FOB	Volume (Kg)
1	PARIS S.A.	\$150,696,192	29,361,194
2	COMERCIAL D&S S.A.	\$114,129,292	22,440,161
3	RENDIC HNOS. S.A.	\$ 84,095,298	15,729,178
4	MARFRIG CHILE S.A.	\$ 44,621,820	9,214,982
5	COMERCIAL CERRILLOS S.A.	\$ 32,225,366	7,186,263
6	SOC.COMERCIALIZAD.DEL SUR LTDA	\$ 31,742,058	6,313,606
7	GLOBAL PRODUCTS S.A.	\$ 20,441,928	4,461,685
8	DISTRIBUIDORA KARMAC LTDA	\$ 19,508,952	3,864,020
9	COMERCIALIZADORA INTERANDINA S	\$ 18,908,180	3,949,172
10	SUPERMERCADO SAN FRANCISCO S.A	\$ 17,217,522	3,503,721

Source: Chilean Customs

Pork

Rank	Company	US\$ FOB	Volume (Kg)
1	COMERCIAL CERRILLOS S.A.	\$11,341,035	4,395,455
2	CIAL ALIMENTOS S.A.	\$ 9,652,224	3,777,734
3	MARFRIG CHILE S.A.	\$ 6,531,696	2,335,405
4	CECINAS WINTER S.A.	\$ 1,238,386	439,253
5	GLOBAL PRODUCTS S.A.	\$ 765,587	269,509
6	TAK S.A.	\$ 557,856	265,424
7	COEXCA S.A.	\$ 444,144	192,698
8	GLOBAL TRADE COMPANY S.A.	\$ 370,011	165,659
9	FRIOSIA	\$ 311,188	120,281
10	SOC.COMERCIALIZAD.DEL SUR LTDA	\$ 135,211	46,723

Source: Chilean Customs

Poultry

Rank	Company	US\$ FOB	Volume (Kg)
1	COMERCIAL D&S S.A.	\$11,631,360	6,328,340
2	GLOBAL PRODUCTS S.A.	\$11,256,968	9,113,695
3	AGROSUPER COM D.ALIM LTDA	\$ 9,976,525	9,338,856
4	MARFRIG CHILE S.A.	\$ 6,750,016	3,640,904
5	COMERCIAL CERRILLOS S.A.	\$ 6,548,966	4,841,214
6	CIAL ALIMENTOS S.A.	\$ 5,594,200	3,523,890
7	PARIS S.A.	\$ 5,152,045	3,088,179
8	DISTRIBUIDORA KARMAC LTDA	\$ 2,989,191	1,870,183
9	DISTRIBUIDORA ORIENTE LTDA.	\$ 2,346,147	984,840
10	SOC.COMERCIALIZAD.DEL SUR LTDA	\$ 2,316,405	1,697,840

Source: Chilean Customs

Edible Fish and Sea Food Products

[Return to top](#)

Chile has a successful seafood industry with salmon ranking as the country's second most important export after copper. With 2,600 miles of coastline and 18,600 miles of canals, archipelagos and fjords, Chile has one of the five richest marine areas in the world. In the salmon industry alone there are 1,200 companies offering goods and services, employing 53,000 people.

Chilean produce is sold as fresh, chilled, frozen, canned, dried, salted and smoked. In comparison to meat consumption, domestic demand for fish is relatively low.

In many sectors of the economy Chile is trying to increase the added value of its products, and this is also the case in the seafood industry. Technology and packaging to prolong the preservation of products in the industry are in demand, possibly creating opportunities for U.S. companies.

Main Seafood Producers

Rank	Company	Exports US\$ FOB	Volume (Kg)
1	CIA.PESQUERA CAMANCHACA S.A.	178,768,171	79,001,582
2	SALMONES MULTIEXPORT S.A	161,674,379	20,512,815
3	CORPESCA S.A.	140,685,036	87,826,296
4	MAINSTREAM CHILE S.A	136,795,633	23,607,436
5	AGUAS CLARAS S.A	124,114,553	18,395,909
6	PESQUERA LOS FIORDOS LTDA	106,336,025	16,420,728
7	TRUSAL S.A.	103,529,833	13,465,195

8	SALMONES ANTARTICA S.A.	102,868,230	13,847,883
9	MARINE HARVEST CHILE S.A.	97,263,127	11,300,117
10	PROD.DEL MAR VENTISQUEROS S.A	90,768,385	12,550,068

Source: Chilean Customs

A comprehensive list of companies working in the seafood industry as producers or suppliers of equipment can be found in the following business directories:

- Manufacturers:
http://www.mercantil.com/rc/port_select_activities.asp?area_code=1165&lang=eng&onlyweb
- Exporters:
http://www.mercantil.com/rc/port_select_activities.asp?area_code=1168&lang=eng&onlyweb
- Commercial Fishing:
http://www.mercantil.com/rc/port_select_activities.asp?area_code=1177&lang=eng&onlyweb

Prepared Fruit, Prepared Vegetables, Oilseed Products

[Return to top](#)

This subsector has played a large role in the growth of Chile's exports in the last decade, primarily due to the production increase of fruits and vegetables in their different formats (canned, dehydrated, frozen and juices).

This market is dominated by the following exporters:

Frozen Fruit Exporters (2010)

Rank	Company	US\$ FOB	Quantity (Kg)
1	COMERCIAL FRUTICOLA S.A.	\$35,231,273	13,518,181
2	FRUTICOLA OLMUE S.A.	\$30,559,200	13,022,439
3	ALIMENTOS Y FRUTOS S.A.	\$23,442,204	9,703,459
4	SOC. AGROINDUSTRIAL VALLE FRIO	\$11,781,319	5,919,387
5	SOC.AGRIC.Y FRUTICOLA LEON LTD	\$11,097,840	5,727,547

Source: Chilean Customs

Canned Fruit Exporters (2010)

Rank	Company	US\$ FOB	Quantity (Kg)
1	AGROFOODS CENT.VALLEY CHILE S.	\$10,626,097	5,500,606
2	ACONCAGUA FOODS S.A.	\$ 7,088,083	5,693,861

3	FRUTAS DE CURICO LIMITADA	\$ 6,577,654	2,205,681
4	CONSERVERA PENTZKE S.A.	\$ 5,439,516	4,296,423
5	PARMEX S.A.	\$ 4,590,973	708,975

Source: Chilean Customs

Dried Fruit Exporters (2010)

Rank	Company	US\$ FOB	Quantity (Kg)
1	PRUNESCO S.A.	\$34,529,692	17,094,931
2	FRUTAS DE EXPORTACION S.A.	\$19,185,339	9,977,972
3	AGROINDUSTRIAL SURFRUT LTDA.	\$14,413,735	2,876,226
4	INVERTEC FOODS S.A.	\$11,235,066	2,340,298
5	AGR.Y COM.SUPERFRUIT LTDA. (E)	\$10,644,248	5,125,985

Source: Chilean Customs

A comprehensive list of companies working in the prepared fruit and vegetable industry can be found in the following business directory:

<http://www.chilealimentos.com/link.cgi/ProductosEmpresas/empresas/>

Confectionery Products

[Return to top](#)

The confectionery market in Chile is estimated at US\$ 657 million, which represents 5.2 kilos consumed per capita every year. The main brands are Arcor Dos en Uno, Costa (Carozzi) and Ambrosoli (Carozzi). The prices are among the lowest in Latin America because it is a very competitive market.

Between 2001 and 2007, confectionery value sales in Chile increased by 44.5%. Value sales are forecast to further increase by 46.4% by 2013, according to Business Monitor International.

Consumption per capita of chocolate is 2.6 kg, one of the highest in Latin America. The chocolate market is dominated by three companies: Arcor Dos en Uno, Carozzi and Nestlé. The high-end chocolate market is dominated by Bozzo, Varsoviene, Damien Mercier, Félix Brunatto, and Dos Castillos.

The main channels of distribution for confectionery products and chocolates are the traditional grocery stores (54.1%) and supermarkets (45%).

Exporters of Confectionery Products (2010):

Rank	Company	US\$ FOB	Quantity (Kg)
1	IND.ALIMENTOS DOS EN UNO S.A.	\$ 4,112,213	1,508,201.00
2	EMPRESAS CAROZZI S.A.	\$ 3,376,139	1,197,327.00
3	TRANSP.Y EXPORT. OSTALMAR S.A	\$ 1,034,458	244,446.00
4	ALIMENTOS Y PROD.CONFITRES LTD	\$ 144,705	68,363.00
5	DISTR.COM.IMP. EXP.BENI LTDA	\$ 103,817	124,927.00

6	SOC.COMERCIAL FLORES Y VIVAR L	\$ 85,841	141,108.00
7	PURATOS DE CHILE S.A.	\$ 56,102	17,754.00
8	NOVAFOODS S.A.	\$ 51,821	13,166.00
9	SOC. IMP. Y EXP. HALCON LTDA.	\$ 24,322	58,523.00
10	BIGNO AYALA	\$ 22,797	9,113.00

Source: Chilean Customs

Baked Products

[Return to top](#)

Chile is the top bread consuming country in the Americas with 98 kg consumed per capita annually, followed by Argentina (82.5 kg). Globally, it is second only to Germany with 106 kg per capita.

3% of household income is spent on bread, compared to 1% in developed nations. Currently, the bakery market is comprised of supermarkets, representing 21% market share, and bakeries, of which 98% are small or medium size. Of the 4,500 bakeries in the country, the main ones are Ideal (controlled by the Mexican group Bimbo), followed by Castaño and San Camilo.

Cookies and other baked goods are made by a few large companies, especially McKay (Nestlé) with 40% market share and Costa (Carozzi) with 30%. The Chilean cookie market is small compared to bread.

Snack Food

[Return to top](#)

The snacks market in Chile is estimated at around US\$ 800 million including cakes, nuts, crackers, and savory and sweet snacks. The three main players in the industry are Evercrisp (Lay's, Doritos, Cheetos) with a 70% market share, Marco Polo (15%) and Kryzpo (8%).

With a double-digit annual growth since 2003, Chile is one of the biggest snack consumers in the region (1.4 kilos per capita), but is still far from countries like Mexico, the U.S. or Great Britain.

46% of sales are made through supermarkets, and 53% of sales are made through traditional groceries and convenience stores.

Non-Alcoholic Beverages

[Return to top](#)

The Chilean soft drinks market generated total revenues of \$1.9 billion in 2010, representing a compound annual growth rate (CAGR) of 5% for the period spanning 2006-2010. Carbonates sales proved the most lucrative for the Chilean soft drinks market in 2010, generating total revenues of \$1.6 billion, equivalent to 81% of the market's overall value. Following carbonates was mineral water with 10.5% of the market's value, and then juices and nectars with 8.4%. The performance of the market is forecast to decelerate, with an anticipated CAGR of 4.8% for the five-year period 2010-2015. At this rate, the value of the market will be valued at \$2.4 billion by the end of 2015.

Consumption of carbonated drinks in Chile is among the highest in Latin America. Coca-Cola (U.S.) is the leading soft drink brand with 52% market share, but growing price consciousness has led to an increasing market share of supermarket owned brand products. In 2009, supermarket brands accounted for nearly 25% of the total market share. Rising health consciousness has helped athletic drinks to become the fastest-growing sub-sector in recent years, more than tripling their sales volumes, from 3.2 million liters in 2006 to 11 million in 2010.

Non-alcoholic beverages are the third most consumed food and beverage category by Chileans, after bread and meat. They are distributed through traditional channels (57%), supermarkets (30%) and consumption in food establishments (13%).

Company (Non Alc. Beverages)	Sales (US\$) 2010	End-Use Channels	Production Location(s)	Procurement Channels
Embotelladora Andina	\$1,898 million	Retail	Chile (4) Argentina (3) Brazil (4)	Direct (Local and Foreign)
Coca-Cola Embonor	US\$629 million	Retail and HRI	Chile (7) Bolivia (6)	Direct (Local and Foreign)
Embotelladora Coca-Cola Polar	US\$486 million	Retail	Chile (3) Argentina (4)	Direct (Local); Distributors (Local); Importers

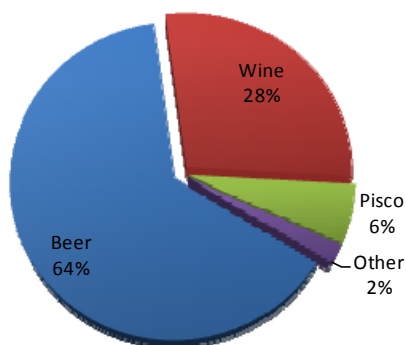
Source: Corporate publications

Alcoholic Beverages

[Return to top](#)

The Chilean population drinks more than 8.5 hectoliters of alcoholic beverages every year, which represents a per capita consumption of more than 56.3 liters. The market generates US\$ 1.7 billion annually, and represents 25% of total drink consumption. The beer subcategory has lately increased its share, to the contrary of wine and pisco. The trend has been to drink lighter alcoholic beverages. This tendency is observed also with the emergence of pre-mixed alcoholic beverages (with fruit juices).

Alcoholic Beverage Market (2010)



The Chilean beer market is estimated at US\$ 1 billion and the annual consumption per capita is about 35.8 liters, representing a total annual consumption of more than 609.4 million liters. Only 10% of this market is Premium.

The beer market is dominated by Compañía Cervecerías Unidas (CCU), which is majority owned by the Luksic Group. CCU claims 85.8% market share through brands like Cristal, Escudo, Kunstmann, Morenita and Royal, and the licenses for Heineken, Budweiser, Corona and Guinness. It is followed by Cervecerías Chile, controlled by Inbev, which represent 12% of the market.

Wine production and exports have been growing at a much faster rate than its consumption in the country. Chile is the smallest per-capita consumer of wine of all wine producing countries.

Revenue from wine exports hit a record high in 2010 selling US\$ 1.5 billion – more than double its level in 2000. This put Chile as the fifth largest wine-exporter behind France, Italy, Spain and Australia. Viña Concha y Toro is Chile’s largest wine producer and exporter, followed by Viña San Pedro.

Top Wine Exporters (2010):

Rank	Company	US\$ FOB	Quantity (Kg)
1	VINA CONCHA Y TORO S.A	\$280,154,438	106,616,810
2	VINA SAN PEDRO TARAPACA S.A.	\$ 94,196,785	36,765,211
3	VINA CONO SUR S.A	\$ 93,917,366	44,889,280
4	SOC.ANONIMA VINA SANTA RITA	\$ 55,859,984	13,348,668
5	RR WINE LTDA.	\$ 44,725,651	56,485,520
6	SOC.EXP. COM. VINA MAIPO LTDA	\$ 41,549,605	20,042,018
7	VINA SANTA CAROLINA S.A.	\$ 41,037,128	16,392,316
8	VINA ERRAZURIZ S.A.	\$ 37,245,256	8,728,662
9	MONTES SA.	\$ 36,517,138	5,881,450
10	VINA LUIS FELIPE EDWARDS LTDA.	\$ 35,825,540	14,546,263

Source: Chilean Customs

Dried Goods and Condiments

[Return to top](#)

The size of the condiment market is estimated at US\$ 25 million. The boom of ethnic food consumption in Chile has helped this market rise intensely. Almost all of the seasonings are imported from different countries worldwide.

Chile is the third largest country in per capita pasta consumption with 9 kg per person per year. Production of pasta in Chile reaches 140,000 tons, exporting only 20,000. Carozzi is the most important company in the pasta sector, with more than 60% of market share and close to 100% penetration in Chilean homes. Lucchetti (owned by Corporacion Tresmontes) is the second largest company with 32% of the pasta market. Close to 75% of pasta is sold through supermarkets, the rest through traditional retailers.

Company (Product Types)	Sales (US\$) 2010	End-Use Channels	Production Location(s)	Procurement Channels
Carozzi (pasta, confectionery brands, sauces, dairy)	\$1,030 million	Retail, HRI and Exports	Chile (10) Peru (4) Argentina (2)	Direct (Local and Foreign) Distributors (Local and Foreign)
ICB (pasta, condiments & sauces, coffee & tea, dried meat, chocolates, chips)	US\$154 million	Retail and HRI	Chile (4)	Direct (Local)
Tresmontes (pasta, beverages, oil, desserts, sauces, snacks, soups)	\$110 million	Retail, HRI and Exports	Chile (8)	Direct (Local and Foreign)

Source: Corporate publications

Canned soup is not popular in Chile, but powdered and dehydrated soups in envelopes are. Maggi (Nestle) is the traditional leader, but others like Naturezza and Knorr have gained market share through heavy advertising.

The pet food market has also been growing. It is a competitive market with little consumer loyalty. In Chile, there are approximately 155,000 tons of pet food consumed annually amounting to US\$ 137 million.

The main pet food importers that distribute to supermarkets and retail stores are Effem (Whiskas), Nestlé (Friskies, Purina Dog Chow and Alpo) and Pet Market (Bil Jac, Precept, ANF, Star Pro, Pet Time, Must and Windy Hill).

Specialized Food Ingredients

[Return to top](#)

Large companies such as Carozzi import most of their ingredients from China because it is cheaper even than buying locally. U.S. products are not very popular because of their high cost.

Some important companies in this sector include: Duas Rodas of Brazil (coloring agents), Inducorn (Corn Products Chile), Lefersa, (Chilean yeast company), Puratos Chile (bakery, pastry and confectionery industry supplier) Iansa (sugar) and Cramer.

U.S. share of Chile imports

Competition from Mercosur suppliers remains fierce for meat, grains, soybean products and pet food, while domestic and European imports present the greatest challenge for U.S. processed foods.

Comparative Chilean Food and Agricultural Product Imports

Product	Total Imports 2010 (US\$)	U.S. Imports 2010 (US\$)	U.S. Imports % Change '10/'09	U.S. % Market Share	Main Competitors (% of market share)
Beef	\$707,802,655	\$5,573,821	361.97%	0.79%	Paraguay (61%), Brazil (15%), Argentina (13%)
Coarse Grains	\$261,488,786	\$8,479,729	-44.17%	3.24%	Argentina (71%), Paraguay (21%), U.S. (3%)
Dairy Products	\$43,497,682	\$17,044,768	177.39%	39.19%	U.S. (39%), Argentina (36%), New Zealand (5%)
Essential Oils	\$42,013,641	\$7,896,320	18.96%	18.79%	Argentina (35%), U.S. (19%), U.K. (12%)
Fish & Seafood	\$107,648,196	\$664,884	-10.47%	0.62%	Ecuador (36%), Thailand (16%), Colombia (15%)
Fresh Fruit	\$64,271,018	\$6,826,168	273.72%	10.62%	Ecuador (89%), U.S. (3%), Peru (3%)
Fresh Vegetables	\$7,921,179	\$201,342	-9.04%	2.54%	China (63%), Peru (25%), Argentina (9%)
Fruit & Vegetable Juices	\$29,174,868	\$1,284,167	23.53%	4.40%	Argentina (38%), Brazil (36%), South Africa (8%)

Live Animals	\$7,309,650	\$1,911,803	-46.55%	26.15%	Brazil (37%), U.S. (26%), Canada (16%)
Pet Food	\$67,749,514	\$5,039,850	2.05%	7.44%	Argentina (87%), U.S. (7%), Brazil (3%)
Pork	\$37,925,090	\$10,022,477	272.3%	26.43%	Canada (46%), U.S. (26%), Brazil (21%)
Poultry	\$105,825,639	\$19,410,261	1700.4%	18.34%	Argentina (60%), Brazil (21%), U.S. (18%)
Processed Fruits & Vegetables	\$130,373,663	\$14,727,675	47.73%	11.30%	Argentina (19%), Belgium (12%), U.S. (11%)
Rice	\$63,993,287	\$810,636	181.24%	1.27%	Argentina (66%), Vietnam (14%), Uruguay (7%)
Snack Foods	\$96,445,795	\$8,447,767	29.20%	8.76%	Argentina (31%), Colombia (12%), U.S. (9%)
Sugar/ Sweetener/ Beverage Bases	\$292,004,040	\$2,362,163	23.55%	0.81%	Colombia (39%), Argentina (28%), Guatemala (26%)
Tea	\$48,728,206	\$384,150	94.32%	0.79%	Sri Lanka (42%), Argentina (32%), Brazil (8%)
Wheat	\$157,110,050	\$116,893,353	120.53%	74.40%	U.S. (74%), Canada (22%), Argentina (3%)
Wine & Beer	\$58,710,666	\$11,619,076	209.94%	19.79%	Argentina (31%), Mexico (31%), U.S. (20%)

Source: Chilean Customs

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

The U.S.-Chile Free Trade Agreement (FTA) came into force on January 1, 2004. Tariffs on 90% of U.S. exports to Chile were eliminated immediately. As of January 2007, 97% of all U.S. exports to Chile are duty free. The remaining 3% include duties primarily on agricultural products. Key U.S. exports such as autos and auto parts, computers and IT equipment, medical devices and construction and agricultural equipment all won instant duty-free access. In addition, in 2011 all products listed under category C gained duty free access. This category included dairy products, processed vegetables, seeds and canned meat products. By 2015, all trade between the two countries will be duty-free. For those products still subject to duty and products not of U.S. (or other FTA country) origin, Chile generally applies a uniform 6% duty.

The U.S.-Chile FTA further addresses other import taxes, which Chile applies. For example, under the FTA, Chile eliminated the 50% duty surcharge applied to used goods originating from the United States. In addition, Chile agreed to phase out its luxury tax on U.S.-made automobiles. As of January 2007, the tax has been eliminated completely. Certain other imported "luxury goods" incur a 15% tax upon entry into Chile. These include: beer, chicha, cider, wine and champagne; gold, platinum, and white ivory articles; jewelry and natural or synthetic precious stones; fine furs; mobile home trailers; caviar conserves and their derivatives; pyrotechnic articles, such as fireworks, petards, and similar items (except for industrial, mining or agricultural use); air or gas arms and their accessories (except for underwater hunting); and fine carpets and similar articles. Other liquors, such as grape pisco, whisky, aguardiente and liquorice wines face a 27% tax. Tobacco products, such as cigarettes, cigars and processed tobacco, are subject to additional 61%, 51% and 57.9% taxes, respectively. Additionally, all imports are subject to the same 19% Value Added Tax (IVA) imposed on domestic goods.

Trade Barriers

[Return to top](#)

Chile has only a few barriers to imports or investment, allowing foreign firms to enjoy the same protections and operate under the same conditions as local firms. In agriculture, some exceptions apply. For example, there is an equivalency of the inspections systems for dairy, beef, and poultry, therefore the establishments no longer have to be individually inspected by the Chilean Ministry of Agriculture. Meanwhile, in the case of pet food and other animal products, individual establishments still must be inspected by the Ministry. Many import restrictions on fresh fruits have been resolved, as a result of technical talks held annually and subsequent to the FTA negotiations under the Sanitary and Phyto-Sanitary Committee created with that purpose. Consequently, new market access is available for a wider range of fruits and vegetables, although exporters should contact the Department of Agriculture/APHIS to check on any restrictions before shipping to Chile.

Chile only approves the import of processed food products on a case-by-case basis. There is no blanket approval process for permitting identical products from different companies to enter Chile after they have been tested and found in compliance with local health regulations. To bring in a product, the importer must obtain the permission of the Health Service Officer at the port of entry, who will take samples and perform the necessary tests. Chile is increasingly following international standards such as the Codex Alimentarius, and labeling and fortification standards are very similar from U.S. standards. One distinction is that the label must be in Spanish. For more information regarding Chile's labeling requirements, see the Foreign Agricultural Service's Food and Agricultural Import Regulations report at www.usdachile.cl.

Import Requirements and Documentation

[Return to top](#)

Commercial forms used by both local importers and exporters are commercial invoices, certificates of origin, bills of lading, freight insurance and packing lists. Special permission, certificates, and approval documents, such as sanitary and phytosanitary certificates, are required for most agricultural products and in special cases for industrial products. Depending on the nature of the product, these certificates can be obtained from National Health Service (Servicio Nacional de Salud, SNS), the Agricultural and Livestock Service (Servicio Agrícola y Ganadero, SAG), and the National Fishing Service (Servicio Nacional de Pesca, SERNAP). For documentation requirements specific to agricultural imports, see the SAG web site, www.sag.cl or contact the U.S. Foreign Agricultural Service in Chile +56-2-330-3704; e-mail: AgSantiago@usda.gov.

U.S. Export Controls

[Return to top](#)

The U.S. does not maintain an embargo against or any export controls specific to shipments to Chile. However, U.S. exporters should verify applicable export controls by reviewing information from the U.S. Department of Commerce and U.S. Department of State. See www.export.gov/exportcontrols.html.

Temporary Entry

[Return to top](#)

Under the terms of the U.S.-Chile FTA, Chile will permit duty-free temporary admission of professional equipment necessary for carrying out the business activity of a businessperson who qualifies for temporary entry under Chilean law. Temporary duty-

free admission of goods intended for display or demonstration and commercial samples is allowed. For temporary entry of food samples, see www.aduana.cl, Acuerdos Internacionales, Tratados de Libre Comercio, Chile – Estados Unidos, Oficios Circulares, Oficio Circular N° 333. Contact the Commercial Service to add certainty to this process.

Labeling and Marking Requirements

[Return to top](#)

Chile has fairly common labeling requirements for imported products. Among the most important requirements for U.S. exporters is that labeling must be in Spanish and measurements must be in the metric system. In addition, consumer products must display the country of origin before being sold in Chile. Packaged goods must be marked to show the quality, purity, ingredients or mixtures, and the net weight or measure of the contents. There are also specific requirements for canned food, shoes, foods, electric machinery, liquid and compressed natural gas equipment (LNG and CNG), plastics, wines and alcoholic beverages, textiles and apparel, wheat flour, detergents and insecticides for agricultural use.

Canned or packaged foodstuffs imported into Chile must bear labels in Spanish for all ingredients, including additives, manufacturing and expiration dates of the products, and the name of the producer or importer. All sizes and weights of the net contents also must be converted to the metric system. Goods not complying with these requirements may be imported but not sold to consumers until conversion is made. Thus, foodstuffs labeled in English can be re-labeled in Chile before they can be sold. For information on Chile's labeling requirements for food, see the Foreign Agricultural Service's Food and Agricultural Import Regulations at www.usdachile.cl.

Prohibited and Restricted Imports

[Return to top](#)

The importation of used passenger and cargo transportation vehicles is prohibited. Exceptions include the importation of off-the-road vehicles, used ambulances, armored cars, mobile homes, prison vans, street and highway cleaning vehicles, cement-making vehicles, hearses, and fire-fighting vehicles.

Firearms can be imported, but they require a special permit from a military authority in Chile. Controls for importing firearms are becoming more stringent.

The import of pharmaceuticals, cosmetics and most biological and bio-chemical preparations requires prior registration with the Institute of Public Health (Instituto de Salud Pública (see web site www.ispch.cl) and is subject to special labeling and other requirements, depending on the nature of the product. Contact Commercial Specialist Veronica Pinto for questions related to pharmaceuticals: +56-2-330-3369; Veronica.Pinto@trade.gov.

Imported goods that are considered inconsistent with Chilean "morals, public health, national security, or the environment" require special authorization to enter Chile. These include certain chemicals/processes and some media products that face review and

possible censorship. All films, videos and TV programs, imported or locally produced, are currently reviewed for suitability.

For more information regarding restrictions on agricultural product imports, see the Foreign Agricultural Service's Food and Agricultural Import Regulations at www.usembassy.cl, Food & Agriculture, Food Regulation.

Customs Regulations and Contact Information

[Return to top](#)

Chilean customs valuation uses the normal value of merchandise, without special discounts, plus freight and insurance (CIF). Used goods are valued by the customs service according to the current new value of similar merchandise, discounting ten % per year of use, up to a 70% discount. For more information, see the Chilean Customs web page at www.aduana.cl.

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

Chile's growing export industrial base and expanding presence in the region has proven to be the reason why general policy for defining technical regulation has increased to comply with international standards. Chilean standard guidelines follow those of the World Trade Organization (WTO), Committee on Technical Barriers to Trade.

In situations where required standards do not exist, the general policy is to turn to Chile's largest trading partners, including the European Union and the United States, in order to determine what are the generally accepted norms being implemented around the world.

The "Instituto Nacional de Normalización" or National Standards Institute (INN) is the institution that is responsible for overseeing and developing the use of technical regulations in standardization and accreditation in Chile. Chile's INN is the institution that fosters and develops the use of standards in Chile in three areas: standardization, accreditation and metrology. All the important and high profile standards cases are handled through the INN and its respective government offices. Certification is done only through accredited institutions. The accrediting institutions may have private, public, national and even international origin. As an example of this, the INN has accredited the U.S.-based Underwriters Laboratories (UL) to issue product certification.

Other factors influencing local policy in standardization are mentioned in chapter seven of the Free Trade Agreement (FTA) between the U.S. and Chile. The FTA addresses technical barriers to trade and calls on both countries to intensify their work in the field of standards, technical regulations, and conformity assessment procedures. This facilitates access to each other's markets as well.

Both countries have agreed to identify bilateral initiatives that are appropriate for particular issues or sectors. Such initiatives include cooperation on regulatory issues, such as the equivalence of technical regulations and standards aligned with international standards. The reliance on a supplier's declaration of conformity, and the use of accreditation to qualify conformity assessment are also observed. Each country is also required to participate in the development of standards, technical regulations, and conformity assessment procedures. Chile's INN already interacts with several standards institutions from around the world, including the U.S. Department of Commerce's National Institute of Standards and Technology (NIST), the American National Standards Institute (ANSI) and the American Society for Testing and Materials (ASTM International).

Standards Organizations

[Return to top](#)

In Chile, there are no standards associations like those found in the United States. The only organization charged with developing standards in Chile is the INN. Its web site is www.inn.cl. Its long-term plan for the development of standards is aligned to Chile's chief export sectors. These include copper, forestry, agro-products in general, and the wine industry.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

The most important national testing organizations are grouped under the following categories.

- 1) Testing laboratories
- 2) System Quality Auditors
- 3) Inspection organizations
- 4) Product certification
- 5) Calibration laboratories
- 6) Quality Management Systems (QMS)
- 7) Environmental Management Systems (EMS)

A few of the locally accredited organizations are mentioned below. A complete list of accredited testing organizations under each category can be found at <http://www3.inn.cl/acreditacion/organismos/portada/index.php> under the **DIRECTORIO DE ACREDITADOS**.

Name	Address in Chile	Telephone
CESMEC Ltda. (Chile), División Certificación / ISO9000 www.cesmec.cl	Av. Marathon 2595 Macúl, Santiago	(56 2) 350-2100
DICTUC S.A., (Chile) www.dictuc.cl	Av. Vicuña Mackenna 4860 Macúl, Santiago	(56 2) 354-4886
Fundación Chile (Chile) www.fundacionchile.cl	Av. Parque Antonio Rabat Sur 6165 Vitacura, Santiago	(56 2) 240-0300
Bureau Veritas S.A. (France) www.bureauveritas.cl	Av. Marathon 2595 Macul, Santiago	(56 2) 485-9000
ISP (Instituto de Salud Pública de Chile) www.ispch.cl	Av. Marathon 1000 Nuñoa, Santiago	(56 2) 575-5101
ICONTEC (Colombia) / ISO 9000 www.icontec.org.co	Augusto Leguía Norte 100, Of. 306 Las Condes, Santiago	(56 2) 657-8907
SAG (Servicio Agrícola y Ganadero) (Chile) www.sag.cl	Av. Bulnes 140, Piso 8 Santiago Centro, Santiago	(56 2) 345-1101
SGS-Chile Ltda. www.cl.sgs.com	Ignacio Valdivieso 2409 San Joaquín, Santiago	(56 2) 898-9500
Corthorn Quality (Chile) www.corthorn.cl	Palacio Riesco 4549 Huechuraba, Santiago	(56 2) 580-8000

Product Certification

[Return to top](#)

In most sectors, standards are not mandatory in Chile, but companies can voluntarily comply with them, especially in industries where such compliance constitutes a kind of “seal of approval.” However, certain imported products, such as those related to industrial safety, building and construction materials, and the gas and electricity industries, must comply with the specific requirements of the supervising entity. For example, there are specific regulations pertaining to the seismic resistance of new construction. The INN is also promoting ISO 14000 and ISO 9000 standards among local manufacturers. The chemical industry is an example of one industry that has incorporated ISO 9000 standards into its industrial processes.

For agricultural products, the U.S.-Chile FTA includes an agreement on red meat grading standards, which now allows U.S. boneless red meat products to be sold in the Chilean market according to U.S. standards.

Accreditation

[Return to top](#)

A complete list of accredited testing organizations under each category can be found at www3.inn.cl/acreditacion/portada/index.php under the heading **DIRECTORIO DE ACREDITADOS**.

Publication of Technical Regulations

[Return to top](#)

The name of Chile's government bulletin is the "Diario Oficial". Once regulations are approved by the INN, and officially accepted by Chile's central government, they are published in the "Diario Oficial" and only those approved are published. Proposed regulations are never published in the "Diario Oficial".

Regulations currently under discussion, a schedule of upcoming standards development committee meetings and a forum for public comment are available on the INN web page at www.inn.cl/pags/normalizacion/index.html.

Any institution, private or public, may request the services of the INN for the development of a standard in accordance with most procedures. Moreover, institutions and company representatives can be active participants in the committee that is created when defining a certain standard. U.S. company representatives have, in fact, participated in such study discussions. The application request is available on-line.

Labeling and Marking

[Return to top](#)

As described previously in this section, Chile has fairly common labeling requirements for imported products. Among the most important requirements for U.S. exporters is that labeling must be in Spanish and measurements must be metric. In addition, consumer products must display the country of origin before being sold in Chile. Packaged goods must be marked to show the quality, purity, ingredients or mixtures, and the net weight or measure of the contents.

There are also specific requirements for canned food, shoes, foods, electric machinery, liquid and compressed natural gas equipment (LNG and CNG), plastics, wines and alcoholic beverages, textiles and apparel, wheat flour, detergents and insecticides for agricultural use.

Canned or packaged foodstuffs imported into Chile must bear labels in Spanish for all ingredients, including additives, manufacturing and expiration dates of the products, and the name of the producer or importer. All sizes and weights of the net contents also must be converted to the metric system. Goods not complying with these requirements may be imported but not sold to consumers until the conversion is made. Thus, foodstuffs labeled in English have to be re-labeled in Chile before they can be sold. For information on Chile's labeling requirements for food, see the Foreign Agricultural Service's Food and Agricultural Import Regulations at www.usdachile.cl.

Contacts

[Return to top](#)

The Standards Liaison at the U.S. Embassy in Santiago is Ms. Claudia Melkonian, Phone: +56-2-330-3312; Fax: +56-2-330-3172; E-Mail: claudia.melkonian@trade.gov; web site: <http://export.gov/chile/en>

INN, Head of Standards Division is Ms. Claudia Cerda. Phone: +56-2-445-8870; E-Mail: claudia.cerda@inn.cl; website www.inn.cl.

The Government of Chile's Contact Point for WTO Technical Barriers to Trade is Mr. Jorge Soto, Head of the Department of International Trade, Ministry of Economy, Ministerio de Economía, Phone: +56-2-473-3441; Email: jsoto@economia.cl; web site www.economia.cl.

Trade Agreements

[Return to top](#)

Chile has 57 Trade Agreements and the government of Chile is continually negotiating agreements with many other countries. Chile has 20 Free Trade Agreements with Japan, China, EFTA, Panama, Central America (which counts as 5 FTAs - Honduras, El Salvador, Costa Rica, Guatemala, and Nicaragua), Canada, the United States, Mexico, Ecuador, Perú, Colombia, Turkey, South Korea, P4 (which counts as one FTA and encompasses New Zealand, Australia, Brunei, and Singapore), and the European Union. Chile is currently negotiating FTAs with Thailand and Trans Pacific Partnership (TPP), and has pending Chilean Congress FTA ratifications for Malaysia and Vietnam.

Chile has numerous other trade agreements, known as “acuerdos de complementación económica” (ACE) or Complementary Economic Agreements. Chile has signed ACEs with Bolivia, Mercosur, Venezuela, and Cuba.

Chile is member of the following Multilateral organizations: WTO, APEC, OECD, OMPI, and “Pathways to Prosperity”.

This network of trade agreements has significantly improved market access for Chilean products and exports. Chile sends roughly 30% of its exports to Asia, 25% to the European Union, 20% to NAFTA countries, and the rest to Latin American and other markets. For more information on Chile's trade agreements, see www.direcon.cl.

Web Resources

[Return to top](#)

U.S. Government:	www.export.gov
U.S. Commercial Service Santiago:	www.buyusa.gov/chile/en
USDA Foreign Agricultural Service:	www.fas.usda.gov
U.S. Embassy Santiago:	http://chile.usembassy.gov/
U.S. Government information on exports controls:	www.export.gov/exportcontrols.html
Government of Chile:	www.gobiernodechile.cl
Ministry of the Economy:	www.economia.cl
Standards Development Organization:	www.inn.cl

Ministry of Foreign Affairs (Economic Directorate): www.direcon.cl
Customs Service: www.aduana.cl
Institute of Public Health: www.ispch.cl
Agriculture and Livestock Service: www.sag.cl

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

For the last three decades, Chile has made foreign direct investment (FDI) an essential part of its national development strategy. Chile's sound, market-oriented policies have created significant opportunities for foreign investors to participate in the country's steady economic growth. Chile's business climate is generally straightforward and transparent. Foreign investors receive treatment similar to Chilean nationals in nearly all sectors. There are generally no special exemptions or incentives for FDI as a matter of policy. A broad political consensus on the advantages of foreign investment means that Chile's policies towards FDI are unlikely to change.

FDI in Chile must enter through either of the following mechanisms: the Foreign Investment Statute Decree Law 600 (DL600) or Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations (CFER). The minimum investment under DL600 is USD 5,000,000 in currency and USD 2,500,000 in the case of fixed assets, technology, debt capitalization, and profit reinvestments. FDI valued below these levels but above USD 10,000 is made through Chapter XIV of the Central Bank's CFER.

Chile's openness and transparency to FDI is embodied in the foreign investment statute, known as DL600. This law has been the main regulatory norm for FDI in Chile during the last 40 years. Under DL600, a foreign investor may sign a contract with the Government of Chile (GOC). The general regulations, terms, interest, and other modalities of foreign credit contracts as well as surcharges related to total costs to be paid by the debtor,

including commissions, taxes, and expenses must also be authorized by the Central Bank of Chile. DL600 allows for capital increases in a given investment.

Chile's Foreign Investment Committee (FIC), the entity responsible for administering DL600, establishes the terms and conditions of the investment. Applications are typically approved within a matter of days and almost always within a month. The FIC's authority to reject a foreign investment is severely limited by the Chilean Constitution. The FIC's decision can be appealed if an investment is rejected.

Chapter XIV establishes regulations that govern foreign exchange operations related to credits, deposits, investments, and capital contributions originating abroad. Investments made under Chapter XIV do not involve signing a contract with the Chilean state. Instead, the Central Bank grants authorization for a given investment. FDI made under Chapter XIV must be in a foreign currency and does not convey any special rights to the investor, such as access to a guaranteed tax rate. The investor must inform the Chilean Central Bank of the investment through a commercial bank or other authorized financial institution. FDI valued at less than USD 10,000 does not require Central Bank approval.

In 2002, the Chilean Government launched an Investment Platform Initiative aimed at attracting international corporations' Latin American headquarters to Chile. As part of this initiative, an eligible company can make use of a variety of incentives, including tax exemptions for overseas shareholders based on certain criteria and a lack of restrictions on domestic borrowing by a platform company.

The Initiative addresses the problem of three-way taxation by exempting platform companies from Chilean tax on overseas earnings and provides foreign investors with additional incentives to invest in Chile. This Initiative is meant to foster regional joint ventures between foreign investors and Chilean partners. To facilitate the entry of foreign capital into Chile, the Initiative also allows companies that are already established in the region to move their centers of operation to Chile without incurring the transaction costs involved in selling and re-buying assets.

Although Chile clearly encourages foreign investment, some restrictions do exist. Foreigners may not invest in Chilean fishing companies or media unless their country has a relevant reciprocity arrangement with Chile. Although the United States does not have a reciprocity arrangement with Chile, the European Union signed such an agreement in 2002 with regard to commercial fishing companies.

There are no restrictions on foreign investment in telecommunications, but investors must acquire a license, and the number of licenses available is limited in some new sectors of the industry. Certain types of investment projects require additional authorization beyond that of the FIC. For example, projects in the copper mining sector require the Chilean Copper Commission's authorization; investments in the fishing sector require the approval of the Undersecretariat of Fishing; authorization from the Bank and Financial Institutions Regulatory Agency is required to operate in the banking sector; and the Securities and Exchange Commission must authorize projects related to insurance and investment funds. Additional authorizations are required from the Pension Funds and Private Health Insurance regulatory agencies to participate in those sectors. For projects with a potential environmental impact, authorization is required from the Environmental Evaluation Service, a decentralized service related to but independent from the Ministry of Environment. Chile also maintains national security related

restrictions on investments in the areas of nuclear energy, defense, maritime transportation, real estate, and mining.

The United States-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004. The chapter on investment is modeled on the standards found in agreements throughout the world such as the U.S. bilateral investment treaties as well as customary international law. The main objective of the FTA chapter is to provide stability and security to investors. It provides six basic forms of protection:

- Non-discriminatory treatment, based on national treatment and most-favored-nation treatment, for investors from either country;
- Freedom from performance requirements;
- Free transfer of investment funds;
- Expropriation only when consistent with international law;
- A minimum standard of treatment in customary international law; and
- The ability to hire key managerial and technical personnel without regard to nationality.

Measure	Year	Index/Ranking
TI Corruption Index	2011	7.2/22
Heritage Economic Freedom	2011	78.3/7
World Bank Doing Business	2012	39
MCC Gov't Effectiveness	N/A	N/A
MCC Rule of Law	N/A	N/A
MCC Control of Corruption	N/A	N/A
MCC Fiscal Policy	N/A	N/A
MCC Trade Policy	N/A	N/A
MCC Regulatory Quality	N/A	N/A
MCC Business Start Up	N/A	N/A
MCC Land Rights Access	N/A	N/A
MCC Natural Resource Mgmt	N/A	N/A

Conversion and Transfer Policies

[Return to top](#)

Chile's regulation ensures that capital markets are well developed and open to both foreign portfolio investors and FDI. In May 2000, Chile eliminated the one-year withholding period requirement for foreign capital entering the country under Chapter XIV. This type of investment capital may now be repatriated immediately without penalty.

A second major move in 2000 was the virtual removal of the "encaje" or lock-in, which required foreign investors to deposit 30 percent of foreign-sourced loans and portfolio investment with the Central Bank in a non-interest-bearing account for up two years. The Central Bank reserves the right to re-impose the "encaje" mechanism if needed in the future.

About a decade ago the Chilean government delivered important reforms and measures aimed at promoting savings in investment securities including the exemption of capital gain tax on highly traded stocks of publicly traded companies, lowering taxes for foreign investors on interest payments, and advancing in the integration of Chilean capital markets to the international financing market.

A second set of reforms aimed at promoting broader financing alternatives of high growth, emerging companies (small- to medium-sized enterprises, SMEs) and tax incentives for the development of a local risk capital fund management industry. In June 2007, the GOC passed Law 20.190 that introduced tax incentives to promote venture capital. The law improves the availability of financial resources for SMEs and provides tax benefits to public as well as private venture capital funds. Law 20.190 authorizes CORFO (Chile's Development Promotion Agency, www.corfo.cl) to take an equity position of up to 40 percent in specialized venture capital funds. It also allows banks to invest up to the equivalent of one percent of their asset base in venture capital through investment fund administrators and subsidiaries.

A third capital market reform was introduced in 2010, aimed at increasing security levels of financial transactions, stronger custodial, clearing and payment, and reinforcing regulatory and supervision capabilities. These improvements involved guidance on investment funds, derivatives and insurance companies. This latest set of reforms aims to improve current levels of competition in the credit market by increasing available credit instruments and to improve consumer information. The reform also increases liquidity, deepens credit markets, improves flexibility for investment funds, creates Exchange Traded Funds (ETFs), allows access to secondary markets, and fosters investment in mutual and investment funds. The next set of reforms is comprised by the Bicentennial Capital Market Reform aimed at modernizing and deepening the Chilean capital market; provide financial protection to consumers; and improving insurance and banking regulations.

Investors, importers, and others are guaranteed access to foreign exchange in the official inter-bank currency market without restriction.

The Central Bank reserves the right to deny access to the inter-bank currency market for royalty payments in excess of five percent of sales. The same restriction applies to payments for the use of patents that exceed five percent of sales. In such cases, firms would have access to the informal market. The Chilean tax service reserves the right to prevent royalties of over five percent of sales from being counted as expenses for domestic tax purpose.

Under the Investment Chapter of the U.S. – Chile FTA, each government must allow transfers of covered investment to be made freely and without delay into and out of its territory. These include transfers of profits, royalties, sales proceeds, and other remittances related to the investment. However, for certain types of short-term capital flow, the chapter allows Chile to impose transfer restrictions for 12 months as long as those restrictions do not substantially impede transfers. If restrictions are found to impede transfers substantially, damages accrue from the date of the initiation of the measure.

Chilean law grants the government authority to expropriate property, including property of foreign investors, only for public or national interests, on a non-discriminatory basis and in accordance with due process of law.

The law requires the payment of compensation without delay at fair market value, in addition to any applicable interest. The 1973-1990 military regime and the five subsequent democratically elected governments have not nationalized any private firm.

Dispute Settlement

[Return to top](#)

Disputes involving U.S. investors have been typically settled in negotiations between the investor and the appropriate government entity. Disputes have been referred to the local judicial system although the time required for resolution may make this an unattractive option for foreign investors. Accordingly, litigants often chose to settle out of court. The suit may also be brought under expedited procedures involving the abrogation of constitutional rights.

The FTA Investment Chapter provides a mechanism for investors to pursue a claim against a host government that is in breach of the FTA's investment obligations, an investment agreement, or an investment authorization. Investment authorizations under DL600 are not subject to this mechanism, and only agreements signed two years after the FTA's entry into force may make use of this dispute settlement mechanism. Under this section, the investor pursuing a claim may choose an arbitral forum--including the International Center for Settlement of Investment Disputes (ICSID)--under the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules, or any other mutually agreed upon arbitral institution. The rules chosen will govern the proceedings except to the extent modified by the FTA. An investor may initiate a proceeding six months after the event which gave rise to the claim, and all claims must be brought within three years of the date when the claimant acquired knowledge of the breach and/or injury.

The FTA chapter on investments encourages consultations or negotiations before recourse to dispute settlement mechanisms. If the parties fail to resolve the matter, a claim for arbitration can be submitted by the investor. Arbitration must be by mutual consent. Provisions in Section C of the FTA ensure that the proceedings are transparent by requiring that all documents submitted to or issued by the tribunal be available to the public, and by stipulating that proceedings be public. The tribunal must also accept amicus curiae submissions. The FTA chapter on investments establishes clear and specific terms for making proceedings more efficient and avoiding frivolous claims. Domestic law is to be applied to all contracts. However, arbitral tribunals decide disputes in accordance with FTA obligations and applicable international law.

The judicial system in Chile is generally transparent and independent. The likelihood of government intervention in court cases is low. If a state-dependent firm is involved in the dispute, the GOC may become directly involved through the State Defense Council (Consejo de Defensa del Estado). In cases where courts determine a firm is bankrupt, a receiver is named to distribute the debtor's remaining assets to the creditors.

Chile's Foreign Investment Committee does not apply performance requirements in its review of projects. The investment chapter in the U.S. – Chile FTA establishes rules prohibiting performance requirements that apply to all investments whether by third party or domestic investors.

The FTA investment chapter also regulates the use of mandatory performance requirements as a condition for receiving incentives and spells out the exceptions. These include government procurement, qualifications for export and foreign aid programs, and non-discriminatory health, safety, and environmental requirements.

Chile does not subsidize foreign investment nor does it offer any special tax exemptions. There are, however, some regional incentives linked to isolated geographical zones and to the information technology sector. These benefits relate to co-financing of feasibility studies as well as to incentives for the purchase of land in industrial zones, the hiring of local labor, and the facilitation of project financing. Other important incentives include accelerated depreciation accounting for tax purposes, special tax treatment for retained earnings, and legal guarantees for remitting profits and capital.

Chile has other special incentive programs aimed mostly at promoting investment and employment in remote or disadvantaged regions, the development of new businesses, support for micro-, small-, and medium-sized enterprises, and promotion of technological innovation.

CORFO has implemented the "Chile Invests" plan with the goal of fostering FDI outside the Santiago Metropolitan Region in certain sectors. A key objective of the plan is to encourage investment in areas of non-traditional technology such as biotechnology, research and development of new materials, electronics and engineering processes, and new production techniques to increase the value added to natural resource exports. The plan also promotes investment in the energy sector mainly for non-conventional renewable energy projects. CORFO provides co-financing programs to pre-investment feasibility studies for projects using renewable non-conventional energy resources.

The Arica Law of 2001 grants tax credits to companies in the provinces of Arica and Parinacota. Investment projects amounting to over 2,000 UTM (about USD 145,000) in Arica are eligible for a tax credit of 30 percent of the value of the fixed physical assets (40 percent for tourism projects). Investment projects totaling more than 1,000 UTM (about USD 76,000) in Parinacota are eligible for a tax credit of 40 percent of the value of the fixed physical assets. These incentives were available until December 31, 2011 and may be repaid up to 2034. [NOTE: The Unidad Tributaria Mensual (UTM) is an inflation-indexed measure of value, adjusted on a monthly basis. On January 9, 2012, 1 UTM was equivalent to about CHP 39,138 and USD 1 was equivalent to about CHP 512.30.]

A third investment promotion plan for the province of Tierra del Fuego in Region XII (Magallanes) is available for mining, manufacturing, transport, fishing and tourism companies that produce goods or services made up of at least 25 percent of local labor and inputs.

Other investment incentives have been introduced through the “Chile Competes Plan.” The Plan includes an exemption from the income tax normally paid by institutional investors, such as mutual funds and pension funds, on earnings from the transfer of corporate stock that is publicly traded, or bonds or other publicly offered securities representing debt issued by the Central Bank of Chile, the Chilean Government, or by companies incorporated in Chile.

In January 2011, the Ministry of Economy, using CORFO, established a three-year, USD 40 million program, known as “StartUp Chile,” whereby an entrepreneur would receive a USD 40,000 grant and a Chilean work visa to develop a “start up” business in Chile. Upon admittance into the program, an entrepreneur is given six months to develop a project and then promote it through a series of pitches and seminars at local universities, corporate meetings and other community outreach.

Right to Private Ownership and Establishment

[Return to top](#)

Except for the limitations in the fisheries and media sectors noted above, Chile does not, in general, restrict the right to private ownership or establishment. Section 24 of Article 19 of the Constitution establishes the “absolute, exclusive, inalienable and permanent domain” of the Chilean state over all mineral, hydrocarbon, and fossil fuel deposits within Chilean territory. Under Chilean law, the Government may grant concession rights to individuals and companies for exploration and development of these natural resources for a finite period. There are also national security-related measures regarding the purchase of real estate by foreigners in certain geographic areas.

Protection of Property Rights

[Return to top](#)

Because of concerns about its commitment to the protection of intellectual property rights (IPR), Chile has been on the Special 301 Priority Watch List (PWL) since January 8, 2007. The Chilean government has undertaken a number of legislative reforms to strengthen its IPR regime and bring it in line with international commitments, including the U.S.-Chile Free Trade Agreement (FTA). However, there are still substantive deficiencies in Chile's IPR laws and enforcement of existing IPR protections. The main concerns involve patent and test data protection in the pharmaceutical sector and copyright piracy of movies, music, and software.

The 2011 Special 301 Report notes the Piñera Administration's significant commitment to address outstanding IPR issues under the FTA. The report also highlights Chile's implementation of new copyright legislation, ratification of the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellites (Brussels Convention), ratification of the Trademark Law Treaty (for which implementing legislation is pending), and the launch of a ministerial-level interagency committee on IPR with a mandate to examine the outstanding FTA issues. Additionally, in 2011 the Chilean Senate approved the International Convention for the Protection of New Varieties of Plants. Implementing legislation is currently under consideration.

Key outstanding U.S. concerns regarding IPR in Chile include inadequate protection against unfair commercial use of undisclosed test and other data generated to obtain marketing approval for pharmaceutical products, as well as the lack of an effective system to address patent issues expeditiously in connection with applications to market pharmaceutical products.

The U.S.-Chile FTA seeks to strengthen protection for valid patents and their accompanying clinical test data. For example, the FTA provides for the extension of the protection period for patents when there are unjustified delays in the patenting process. The FTA also requires parties to protect confidential information provided to authorities in order to obtain marketing or health permits for pharmaceutical products and agricultural chemicals. In addition, the FTA establishes the obligation to undertake reasonable efforts to extend patent rights to qualifying plants.

In 2011, the United States and Chile held several meetings to exchange information and review implementation of the IPR provisions of the FTA. In addition to urging Chile to address IPR issues in the pharmaceutical industry, the United States has asked Chile to implement protections against the circumvention of technological protection measures, to implement protections for encrypted program-carrying satellite signals, and to ensure that effective administrative and judicial procedures and deterrent remedies are made available to rights holders.

Chile has been a member of the World Intellectual Property Organization (WIPO) since 1975 and joined the Treaties on Copyright and Performances and Phonograms in April 2001. Chile approved legislation to comply with TRIPS obligations related to industrial property in December 2004. The law provides for, among other things, expedited court proceedings and the authority to seize illegal copies of patented products. In 2008, Chile ratified the Patent Cooperation Treaty (PCT), which came into force in June 2009.

The U.S. and Chile have committed to making a system available for the resolution of disputes regarding internet domain names. This follows international standards with respect to problems such as the cyber piracy of brands and trademarks for country domain names. Furthermore, both countries committed to creating a database containing information on individuals who have registered higher-level domain names. This database will protect the personal data of those who have registered.

Transparency of Regulatory System

[Return to top](#)

Chilean regulatory systems tend to be transparent, and government regulators generally have little discretion. While rulemaking processes do not generally include formal provisions for public hearing or comment, opening a business is normally easier in Chile than in many other developing countries. According to the World Bank's "Doing Business 2012" report, Chile is ranked 27 of 183 economies (previously 62 of 183 in 2011) for ease of starting a business, and this improvement is primarily due to a reduction in days needed to start a business from 22 to seven days. The U.S. – Chile FTA establishes some additional obligations for transparency in regulatory processes.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

Chile's capital markets are well-developed and open to foreign portfolio investors. Credit is allocated on market terms and is available to foreigners although the Central Bank does reserve the right to restrict foreign investors' access to internal credit if a credit shortage exists. To date, this authority has not been exercised.

Publicly traded Chilean companies attract substantial international investment. In late 2000, the Chilean Congress approved legislation on public stock tenders that provides greater legal protection of minority shareholder rights.

In November 2001, the core measures in the far-reaching "Capital Market Reform I" came into force. This first reform provided more flexibility for the insurance and mutual-fund industries; abolished income tax on capital gains from the sale of frequently traded shares; promoted voluntary (pre-tax) contributions by employees to pension plans (mirroring the U.S. 401K option); created five funds with different risk-return profiles instead a single option administered by the private pension fund administrators (AFPs); and created asset-management entities to manage several types of funds, such as mutual funds, investment funds and mortgage companies.

Capital market reform leveled the playing field for foreign investors in the local market and those who invest in Chilean bonds abroad. This has slowly increased demand for local debt instruments among new foreign investors.

In June 2007, "Capital Market Reform II" entered into force to promote the development of the venture capital industry, strengthen the stock and exchange markets, deepen other Chilean financial markets, broaden the existing scheme of voluntary contributions for pensions, improve standards for corporate governance in accordance with OECD standards, and increase supervision over the market. In September 2009, the GOC introduced "Capital Market Reform III" aimed at providing better levels and quality of credit to SMEs and internationalizing the Chilean capital market. Passed in 2010, this third reform increased liquidity and depth of the capital market, enlarged the financial markets, promoted competition within the credit market, and facilitated integration of Chilean capital markets by promoting participation of non-residents. One particular reform, Law 20,448, provided grounds for the growth of Exchange Traded Funds (ETFs) in Chile by amending the mutual fund statute in order to allow the payment of shares by contributing a basket of securities that mirrors the investment portfolio of the fund.

In 2010, President Pinera's government introduced a new package of capital reforms called the "Bicentennial Capital Market Reform." This new reform consists of over 20 separate bills, aiming to deepen integration with international capital markets; introduce regulatory measures to promote innovation and undertakings; improve competition, oversight and transparency; increase liquidity and access to financial markets; and improve standards for corporate governance and customer protection.

Under the U.S.-Chile FTA, U.S. insurance firms have full rights to establish subsidiaries or joint ventures for all insurance sectors, with limited exceptions. Chile also committed to phase in insurance branching rights and to modify its legislation to open cross-border supply of key insurance sectors such as marine, aviation, and transport (MAT) insurance, and insurance brokerage of reinsurance. U.S. banks and securities firms are allowed to establish branches and subsidiaries and may invest in local firms without restriction, except under very limited circumstances. U.S. financial institutions are also able to offer financial services to citizens participating in Chile's privatized voluntary

saving plans, and they have gained increased market access to Chile's mandatory social security system. U.S.-based firms are allowed to offer services in Chile in areas such as financial information, data processing, and financial advisory services, with limited exceptions. Under the measures outlined in "Capital Market Reform III," Chilean mutual funds are permitted to use foreign-based portfolio managers.

In May 2011, the stock markets of Chile, Peru and Colombia merged to become the second largest trading market in Latin America after Brazil. This market alliance, known as the Integrated Latin American Market (MILA) hopes to better expose investors to assets linked to the region's natural resources. Chile's IPSA Index is a total return index and is composed of 40 highly traded stocks. The IPSA has been calculated since 1977 and is revised on a quarterly basis.

The main institutional investors and suppliers of capital to local companies are the pension fund administrators (AFP) as well as insurance companies, mutual funds and banks. More than half of the instruments issued in the fixed-income market are held by institutional investors.

Pension funds (AFPs) are the largest institutional investors followed by insurance companies. As of November 2011, Chile's seven AFPs managed a total investment portfolio of USD 147.3 billion, representing about 75 percent of Chile's GDP. The pension funds administered by the AFPs belong to 8.9 million contributors. As of September 2011, the total resources under AFP administration were distributed in five different types of funds of varying degrees of risk. As of July 2011, accumulated savings in the voluntary contributions system (APV) of the AFP system totaled USD 5.7 billion that belong to 546,955 contributors.

The GOC has been raising the percentage of pension funds that can invest overseas. In 2008, a reform package of the pension system was approved by Congress increasing the threshold for pension fund administrators to invest abroad (from 30 to 60 percent of their funds). The reform package also set the foundation on which to build a "solidarity pillar" to increase coverage among lower-income contributors and self-employed workers and expand social security assistance coverage. As of November 2011 total spending on "solidarity pension payments" reaches USD 150 million.

As of September 2011, insurance companies managed more than USD 1.7 billion in assets. Insurance companies invest a major share of their portfolio in fixed-income securities.

The Chilean banking system is sound, competitive, and meets Basel standards. There are currently 25 banks operating in Chile, and 12 are foreign-owned representational branches. Only one bank is completely owned by Chilean economic interests (BCI). The rest have some level of incorporation with foreign institutions. Foreign banks can compete on the same terms as their domestic rivals. There are also five local savings and loan corporations, and one state-owned bank, Banco Estado, which is the nation's third largest. Private banks manage most corporate business.

The Chilean banking industry is subject to strict limits on lending to a single debtor or group of related companies. This is capped at five percent of the capital and reserves of a bank for collateral-free loans and at 25 percent for collateralized loans (fixed assets).

In 2009, Chile enacted several reforms as part of the process to join the Organization for Economic Cooperation and Development (OECD). One of these reforms was a law that Chile enacted in 2009 allowing for the exchange of tax information between tax authorities, including information based on bank account activity (information previously restricted under Chilean law). The Chilean banking system had one of the greatest increases in profits in 2010 and 2011, leaving behind the decline of 2009. As of August 2011, there is a low level of systemic risk within the system due to a sound regulatory framework. As a result, the rate of non-performing loans remains low, at 2.75 percent, and the aggregate loans-to-deposits ratio is stable at 119 percent.

Summary of Chilean Banking System (November 2010):

Total Loans – USD 88,661,404
Deposits – USD 74,949,411
Net Income – USD 5,410,933
Total Assets – USD 127,551,538
Capital and Reserves – USD 9,705,517
Loan Lost Position – (-) USD 2,202,616

Source: Chile's Superintendence of Banks and Financial Institutions

General Information on the Financial Market (November 2010)

- Banks and Financial Institutions: 25 participants. Total Loans: USD 88,661 billion).
- Pension Funds: 7 administrators. Funds under management: USD 147.3 billion
- Insurance Companies: 58 (26 general insurers, 32 life insurers).

According to the World Economic Forum's Global Competitiveness Report for 2011-2012, Chile is the most competitive country of South America and the third most competitive of the Americas after the U.S. and Canada. Chile is ranked 31st in the world.

Competition from State Owned Enterprises

[Return to top](#)

Chile has relatively few state-owned enterprises (SOEs), most having been privatized during the military government's economic reforms between 1974 and 1989. Notable SOE's are the national copper company, CODELCO; the national petroleum company, ENAP; the National Postal System (Correos de Chile); and the state-owned bank, Banco Estado.

In general, private enterprise is allowed to compete with public enterprise under the same terms and conditions (e.g., there are many private copper mines and private banks). However, there are specific areas where this does not hold and SOEs enjoy special advantages. For example, ENAP is the only refining company in Chile.

Most SOEs in Chile are structured so that the company management reports to a board

of directors, which includes the relevant government minister (e.g., the Minister of Mining sits on ENAP's board of directors). Most board members are independent representatives from the private sector and academia, or from that industry's main labor union or trade association. Board members are usually designated by the President of Chile.

Chile passed a law in October 2009, which modifies CODELCO's corporate governing structure. The law removes the Ministers of Finance and Mining and a representative of the military from the board of directors. It also expands the board to nine members, three of whom are designated by the President of Chile, two of whom are nominated by CODELCO's labor unions and approved by the President of Chile, and four of whom are elected by the Consejo de Alta Dirección Pública (Chile's independent committee that makes high-level civil service appointments) and subsequently approved by the President of Chile.

Chile has two sovereign wealth funds constituted principally from state copper revenues. The Economic and Social Stabilization Fund (FEES) was established in 2007 and was valued at USD 13.2 billion in November 2011. The Reserve Pension Fund was established in 2006 and was valued at USD 4.4 billion in November 2011. The stated purpose of this fund is to assist the Government with payments to those eligible to receive pensions but who remain indigent (Chile uses a privatized pension system). A third sovereign wealth fund, called the Bicentennial Fund, encourages Chileans to study abroad through the use of government funded scholarships.

The sovereign wealth funds are administered by the Chilean Central Bank, at the direction of the Ministry of Finance. The Ministry of Finance receives advice on policy related to the funds from an external Finance Committee made up of independent advisors. The Ministry of Finance publishes monthly, quarterly, and yearly reports on the funds.

Corporate Social Responsibility

[Return to top](#)

There is general awareness of corporate social responsibility among both producers and consumers in Chile. As part of the OECD accession process, Chile passed a law in September 2009 setting out new rules to help bolster corporate social responsibility.

Political Violence

[Return to top](#)

The incidence of terrorist activity and civil disturbance is low in Chile, and the violence that has occurred has had little impact on the Chilean economy. Crime rates are moderate throughout the country, and the vast majority of crimes are nonviolent. During the last 10 years there have been relatively few incidents of politically motivated attacks on investment projects or installations. In 2011, there were occasional incidents of vandalism of storefronts and public transport during student protests over education reform, some of which included violent incidents. Incidents of anti-American sentiment and civil disorder are rare, and there have been no attacks by international terrorist organizations. However, since 2007 Chile has experienced a number of small-scale bombings targeting mostly banks, but also a police station, a political memorial and the

U.K. Embassy, and most recently, the offices of a major newspaper and magazine publisher and a prominent Catholic cathedral. Anarchist groups have claimed credit for some of the bombs. There have also been violent incidents in farms and forestry plantations in southern Chile. These incidents in southern Chile are related to the land claims of indigenous people (the Mapuche Native American group) in the VIII and IX Regions.

Corruption

[Return to top](#)

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of

corruption by virtue of being parties to various international conventions discussed above.

POST INPUT: Corruption in Chile is generally limited although a number of cases have occurred in recent years. The GOC responded with vigor in 2003 to a succession of public and financial sector scandals related to corruption and influence peddling in the government's domestic development agency (CORFO), the Ministry of Public Works (MOP), and the Central Bank. Since 2003, Chile has had laws in place that established a more efficient and professional civil service through performance-based incentives and a reduction in political appointee positions in public service positions. Similarly, in 2005, the GOC passed a law to regulate political party and candidate financing to further deter corrupt government practices.

Chile has signed and ratified the Organization of American States (OAS) Convention against Corruption. Chile is also a signatory to the OECD Convention on Combating Bribery, fulfilling the necessary accession processes, including implementation of its Anti-Bribery Convention obligations.

In 2007, a new law came into force that provides protection for public employees who denounce irregularities or violations in accountability standards and at the same time, Chile ratified the United Nations Convention against Corruption.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of

the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

[Return to top](#)

In 1991, Chile became a signatory of the Washington Convention of 1965, which created the International Center for Settlement of Investment Disputes (ICSID). Since then, Chile has negotiated numerous Bilateral Investment Treaties (BITs) through which Chile provides additional protection to foreign investment flows. According to Chile's Foreign Investment Committee, as of the end of 2010, Chile had signed 51 BITs, of which 38 are in force. There are agreements in force with Argentina, Australia, Austria, Belgium, Bolivia, China, Costa Rica, Croatia, Cuba, Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Greece, Guatemala, Honduras, Iceland, Italy, Malaysia, Nicaragua, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, South Korea, Spain, Sweden, Switzerland, Ukraine, the United Kingdom, Uruguay, and Venezuela. Those BITs signed but not in force include Brazil, Colombia, Dominican Republic, Egypt, Hungary, Indonesia, Lebanon, Netherlands, New Zealand, South Africa, Tunisia, Turkey and Vietnam. The Government of Chile has begun bilateral investment protection agreement negotiations with 15 other countries, including India, Morocco, Russia, Israel, and Thailand.

Chile has a number of double taxation treaties in force: Argentina, Brazil, Canada, Colombia, Croatia, Denmark, Ecuador, France, Ireland, Malaysia, Mexico, New Zealand, Norway, Paraguay, Peru, Poland, Portugal, South Korea, Spain, Sweden and the United Kingdom.

Chile and the United States have signed the U.S.-Chile Treaty to Avoid Double Taxation, which addresses certain tax-related obligations for U.S. companies operating in Chile. The treaty has not been submitted to the relevant legislatures for ratification as of January 2012.

OPIC and Other Investment Insurance Programs

[Return to top](#)

A Bilateral Investment Agreement with the Overseas Private Investment Corporation (OPIC) took effect in 1984. Chile is a party to the convention of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

Chile has enjoyed generally calm labor relations over the last decade, but strikes do occur. Strikes and public protests have been concentrated in the mining, health, education, transportation, and civil service sectors.

Union membership is voluntary, and approximately 16 percent of the workforce is unionized. Multiple unions exist in many companies, and management can negotiate collective agreements with any of the unions or with ad hoc groups of workers. Unions can form confederations or nationwide labor centrals and can affiliate with international labor federations. Contracts are normally negotiated at the company level. Multi-company bargaining is permitted on a voluntary basis. Minimum wage, working hours, overtime, paid annual vacations, and holidays are all established by law. Women are entitled to state-funded maternity leave for a period of six weeks before and six months after childbirth. Layoffs are not permitted between conception and one year after the female employee has returned from maternity leave.

Top executive salaries are on a par with European countries, although well below those in the U.S. Chile allows companies to deduct set training costs (up to one percent of annual payroll) from corporate tax payments. A company can also use 10 percent of the rebate to finance an analysis of its training needs, and 15 percent to run a training department.

On January 1, 2005, the maximum number of labor hours per week was reduced from 48 to 45 without any loss of salary to the employees. This is now the standard work week in Chile.

A 2007 subcontracting law defines outsourcing as two different activities: subcontracting and the supply of outside labor. Subcontracting is when a company permanently outsources a specific process to another firm which takes full responsibility for it, carrying it out with its own employees. However, the law does not permit companies to outsource its main economic activity. Regarding outside workers, the law limits this to "temporary" labor, defined as those employed for periods of up to 90 (or 180 days in some cases) for the duration of an "emergency." Additionally, only firms that register as suppliers of temporary labor and set up guarantees against their obligations to their own workers are allowed to fulfill this function. The law also sets limits on the number of staff

that can be used on short-term jobs.

In Chile, more than 50 percent of companies are estimated to subcontract part of their production while 20.7 percent subcontracted their main economic activity. Prior to the law, a full 35 percent of Chile's labor force was estimated not to have a direct contractual link with the main company.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Chile has two tax-free zones: one in the northern port of Iquique (Region I) and the other in the southern city of Punta Arenas (Region XII). Merchants and manufacturers in these zones are exempt from corporate tax, VAT, and customs duties. Businesses can re-export goods without paying taxes but must pay VAT (19 percent) and import duties when goods leave the zone to be used/sold in other regions of Chile. The same exemptions also apply to manufacturers in the Chacalluta and Las Americas Industrial Park in Arica (in the XV Arica and Parinacota Region created in October 2007). Mining, fishing and financial services are not eligible for free zone concessions. Management companies and firms established in the free zone are exempt from payment of tariffs, VAT, other charges on imports, first category income tax under the Income Tax Law, and payment of VAT on goods and services for all their operations in the free zone.

Foreign Direct Investment Statistics

[Return to top](#)

Today more than 3,000 companies from 60 countries have operations in Chile. Over the last decade, FDI has represented an annual average of 6.5 percent of Chile's GDP.

Between 1974 and 2010, the mining sector attracted 32.9 percent of FDI through DL600, followed by services (with 22.1 percent), with electricity, gas and water accounting for 19.2 percent and manufacturing for 11.3 percent, and transportation and communications for 11.2 percent.

Although figures for the total 2011 implemented FDI are not available yet, the authorized 2011 FDI was a record USD 13.8 billion. The mining sector accounted for 70.1 percent authorized FDI (USD 9.6 billion), followed by the service sector with 16.7 percent, electricity, gas and water at 5.9 percent, and transport and communications at 3.3 percent.

According the Chilean Central Bank, in 2010 implemented FDI was USD 15.1 billion, 7.4 percent of GDP and a 17.3 percent increase of 2009 FDI (USD 12.8 billion). Actual implemented or realized FDI in 2010 through the D.L. 600 totaled USD 2.3 billion.

In 2010, Canada accounted for 60.8 percent of total FDI with 12 projects for US\$8.6 billion, followed by Japan (20.8 percent), Spain (4.7 percent), and Mexico (3.7 percent). The United States was Chile's main investment partner in 2009, investing USD 3.7 billion (59.4 percent of total FDI).

The U.S. remains the single largest direct investor in Chile in the past 27 years, accounting for 26.4 percent of inflows from 1974 – 2010, totaling USD 20 billion. The

service sector represent about 33 percent of U.S. FDI to Chile, followed by the mining sector (27.6 percent), electricity, gas and water (14 percent), manufacturing (12.5 percent), transport and communication 10.5% and others 2.1%.

According to Central Bank statistics between 1990 and June 2010, Chilean investment abroad totaled USD 54.2 billion distributed over 70 countries in the world. Ten countries account for 93 percent of Chilean investment abroad: Argentina (32 percent of total outward FDI -- USD 15.6 billion), (18 percent, USD 10.6 billion), Peru (15 percent, USD 9.4 billion), and Colombia (13 percent, USD 6.7 billion). The United States is Chile's fifth largest recipient of FDI with a 7 percent share totaling USD 3.7 billion. Mexico, Panama, Australia, Uruguay and Venezuela are also among the top ten destination countries for Chilean foreign investment.

FDI (DL600) by Country of Origin (USD million, nominal)

Country	1974-2010	2008	2009	2010
Argentina	499,535	-41,272	0	44,000
Australia	3,689,564	193,821	395,258	102,869
Austria	23,773	5,300	0	0
Bahamas	104,233	0	0	0
Barbados	5,917	0	0	0
Belgium	1,016,927	245,000	0	0
Bermuda	475,794	0	0	0
Bolivia	1,249	0	0	0
Brazil	612,419	67,910	26,778	0
Canada	13,369,194	2,210,124	88,12	585,884
Cape Verde	167	0	0	0
Cayman Islands	301,538	0	0	0
China	84,537	0	249	376
Colombia	540,763	780	4,071	279,046
Costa Rica	4,038	0	0	0
Cyprus	6,000	0	0	0
Denmark	17,037	0	0	0
Dominican Republic	76	0	0	0
Ecuador	1,335	0	0	0

Egypt	349	0	0	0
El Salvador	250	0	0	0
Finland	100,332	0	0	0
France	1,609,175	144,885	53,293	5,193
Germany	736,008	22,200	1,276	0
Greece	6,522	0	0	0
Guatemala	20	0	0	0
Honduras	7,261	0	0	0
Iceland	4,965	0	0	0
India	27,107	0	0	0
International Org.	358,100	0	8,334	0
Ireland	17,722	0	0	0
Israel	4,635	0	0	0
Italy	1,716,449	0	50,680	6,250
Japan	3,040,730	626,678	257,536	283,920
Jordan	205	0	0	0
Korea, Republic of	40,371	0	0	0
Liberia	22,275	0	0	0
Liechtenstein	136,075	0	0	0
Luxembourg	109,720	0	0	0
Malaysia	22,923	0	0	0
Malta	27,150	0	27,150	0
Mexico	1,819,504	246,599	86,972	478,657
Monaco	3,893	0	0	0
Netherlands	1,686,772	2,660	1,458	57,000
Netherland Antilles	30,012	-2,300	0	0
New Zealand	158,791	0	0	0
Norway	738,805	54,718	325,280	12,580

Panama	326,374	90,705	7,672	4,780
Papua New Guinea	0	0	0	0
Paraguay	618	0	0	0
Peru	423,618	0	342,500	57,500
Portugal	25,412	24,850	0	0
Romania	3,360	0	0	0
Singapore	4,352	0	0	0
South Africa	165,089	1,236	2,667	1,846
Spain	14,443,618	562,613	23,714	14,562
Sweden	265,272	1,393	11,848	0
Switzerland	1,306,069	10,402	5,166	15,920
Taiwan R.O.C.	11,133	744	0	555
United Arab Emirates	180	0	0	0
United Kingdom	6,621,855	142,465	503,652	28,280
United States	19,978,253	550,718	2,858,324	324,964
Uruguay	107,867	0	0	0
Venezuela	126,733	0	0	0
TOTAL	77,261,473	5,162,229	5,082,000	2,304,172

Source: Foreign Investment Committee figures as of September, 2010
(*estimated figures; 2010 corresponds to January-September)

Complete data for 2011 is not yet available, but the total implemented FDI for January through October 2011 under D.L. 600 was approximately USD 3.1 billion – a significant increase of the FDI for the same months of 2010, which was at USD 2.01 billion.

FDI (DL600) by Sector (USD million, nominal)

Sector	1974-2008	2008*	2009*	2010*
Agriculture	268,918	940	0	2,000
Forestry	455,984	80,386	29,081	12,061
Fishing/aquiculture	319,226	10,998	0	0
Mining	23,538,324	2,366,188	1,010,926	732,078

Food, beverages and				
Tobacco	2,347,441	49,850	55,186	4,000
Wood and paper	1,201,922	53,851	1,474	6,560
Chemicals	2,929,661	1,469	33,142	0
Other manufacturing	1,622,855	112,165	367,950	73,413
Electricity, gas, water	14,363,530	1,409,913	305,976	87,806
Construction	1,426,955	2,121	0	7,308
Wholesale, retail trade	1,586,591	2,702	2,702	2,702
Transport, storage	1,159,345	425,985	8,028	276,294
Communication	6,891,408	283,225	194,547	63,051
Financial services (1)	6,937,828	207,571	317,374	43,058
Insurance	2,130,174	26,158	400	20,627
Engineering – business				
Services	847,857	113,628	60,486	34,005
Sewage, sanitation				
And similar services	522,644	0	0	0
Other Services (2)	1,349,813	14,461	16,606	6,505
Total	69,900,476	5,162,229	5,082,000	1,778,419

Source: Foreign Investment Committee

(*estimated figures; 2010 corresponds to January-September)

(1) Includes: banking, investment companies, investment and risk capital funds and other financial services.

(2) Includes: restaurants and hotels, real estate activities, social and related community services, recreation

United States FDI to Chile (DL600): 1974-2009

(USD thousand, nominal)

Period	U.S.A. Total Value	%	DL600 U.S.A. Value	%	Total
1974-90	2,462,409	12.4	6,391,345	8.53	38.53
1991	350,245	1.77	982,122	1.31	35.66
1992	299,888	1.51	992,316	1.32	30.22

1993	606,159	3.06	1,740,256	2.32	34.83
1994	995,783	5.03	2,516,800	3.36	39.57
1995	1,498,332	7.57	3,027,466	4.04	49.49
1996	2,279,315	11.51	4,855,501	6.48	46.94
1997	887,366	4.48	5,227,495	6.98	16.97
1998	1,343,719	6.79	6,038,390	8.06	22.25
1999	1,388,730	7.01	9,229,321	12.32	15.05
2000	788,563	3.98	3,039,446	4.06	25.94
2001	1,808,061	9.13	5,023,270	6.71	35.99
2002	550,951	2.78	3,381,140	4.51	16.29
2003	373,374	1.89	1,236,431	1.65	30.20
2004	124,537	0.63	4,637,026	6.19	2.69
2005	9,242	0.05	1,799,351	2.40	0.51
2006	337,573	1.70	3,181,125	4.25	10.61
2007	290,123	1.47	1,358,567	1.81	21.36
2008*	550,718	2.78	5,162,229	6.89	10.67
2009*	2,858,324	14.43	5,082,000	6.78	56.24
2010					
TOTAL	19,803,412	100	74,901,600	100	26.44

Source: Foreign Investment Committee

(*estimated figures as of December 31, 2009)

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

In Chile, payment to foreign suppliers is often made via an irrevocable letter of credit from a Chilean commercial bank. This is relatively fast and simple, with no lengthy delays in the remittance of foreign currency. Payments are made upon receipt of notice of shipment of goods. Other methods of payment to suppliers include cash against documents and open account. Suppliers willing to offer an open account generally do so only after developing a long-standing relationship with the buyer.

An alternative, attractive and competitive method of securing payment is through the Export Credit Insurance Program available from the U.S. Export Import Bank (EXIM). For more information, visit the EXIM Bank web site at www.exim.gov. For agricultural and food products, the U.S. Department of Agriculture's Commodity Credit Corporation offers export credit guarantees for U.S. exporters.

How Does the Banking System Operate

[Return to top](#)

Chile's banking system offers many of the asset and liability products available in international markets. Foreign trade financing and money exchange operations are particularly well developed and efficient compared to the rest of Latin America.

Chile's Superintendence of Banks and Financial Institutions (www.sbif.cl), an agency under the Ministry of Finance, regulates the financial sector. Chile's Central Bank, which is autonomous from the government in conducting monetary policy and regulating foreign capital movements, also regulates bank operations (www.bcentral.cl).

Some Chilean banks with direct presence in the United States are Banco de Crédito e Inversiones, also known as BCI, with an office in Miami, and Banco Estado and CorpBanca, each with representative offices in New York.

U.S. banks operating in Chile (see list below) concentrate on corporate lending for multinationals and capital market activities (wholesale), although others such as Banco de Chile (which merged with Citibank) and HSBC Chile are active in retail banking as well.

There are a few business development offices of U.S. commercial banks in Chile offering U.S. Export Import Bank (EXIM) export insurance programs. Many representation offices are in the market as well.

Foreign-Exchange Controls

[Return to top](#)

Chile has no restrictions on incoming and outgoing foreign capital. Reserve requirements for external capital, and the prior authorization requirement to enter funds associated with external loans, investment, working capital, bonds and ADRs have been eliminated. Limitations on capital and profit repatriation were also eliminated. Foreign trade finance operations (both import and export) are allowed to perform their foreign exchange transactions in the open market.

Foreign exchange operations are relatively active and efficient in Chile. As a general rule, currency may be freely traded in two markets: the informal and the interbank market (formal). Prior to receiving authorization, Chile's Central Bank requires confirmation that the trade finance transactions, foreign loans, capital flows, and profit repatriation will be executed through a commercial bank (formal market).

U.S. Banks and Local Correspondent Banks

[Return to top](#)

U.S. Banks	Phone (56-2)	Fax (56-2)	Website
JP Morgan Chase Bank	425-5100	425-5367	www.jpmorganchase.com
Wachovia N.A. (Rep. Office)	365-9733	365-9709	www.wachovia.com
Israel Discount Bank of New York (Rep. Office)	236-5600	236-5300	www.idbbank.com

Financial Institutions actively offering U.S. Exports Financing and Insurance	Phone (56-2)	Fax (56-2)	Website
UPS Capital Business Credit (*)	56-2-247-1221	56-2-243-8724	www.capital.ups.com
PNC Bank (*)	56-2-446-8866	56-2-433-2226	www.pnc.com

(*) Local offices are business development representatives.

Local Banks	Phone (56-2)	Fax (56-2)	Website
Banco BICE	692-2000	787-2230	www.bice.cl
CorpBanca	687-8000	660-2366	www.corpbanca.cl
Banco de Crédito e Inversiones (BCI)	692-7000	695-3775	www.bci.cl

Banco de Chile	637-1111	637-3434	www.bancochile.cl
Edwards - Citi	338-8000	338-8391	www.edwards.cl
Banco del Desarrollo	674-5000	671-5547	www.bdd.cl
Banco Internacional	369-7000	369-7367	www.bancointernacional.cl
Banco Security	584-4000	584-4001	www.security.cl
Scotia Bank Sudamericano	692-6000	698-6008	www.scotiabank.cl
Banco Estado	970-7000	970-5711	www.bancoestado.cl
Banco Itaú Chile	686-0000	686-0760	www.itaú.cl
Rabobank Chile	449-8000	449-8595	www.rabobank.cl
Banco Falabella	385-9000	385-9009	www.bancofalabella.cl
Banco Ripley	351-6000	351-6050	www.bancoripley.cl
BBVA	679-1000	679-1350	www.bbva.cl
Banco Paris	437-6605	437-6868	www.bancoparis.cl
Banco Penta	873-3000	837-3499	www.bancopenta.cl
Banco Santander -Chile	320-2000	672-3166	www.santandersantiago.cl
HSBC Bank Chile	299-7200	299-7393	www.hsbc.com
Banco Monex	787-1800	787-1895	www.bancomonex.cl
Banco de la Nación Argentina	696-6935	672-9078	www.bnach.cl
Banco Do Brasil	336-3001	336-3005	www.bb.com.br
ING Bank N.V.	452-2700	452-2745	www.ing.com
The Royal Bank of Scotland	396-5000	396-5666	www.rbsbank.cl
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	345-1000	333-3032	-----
Deutsche Bank	337-7700	337-7701	-----

Rep. Office	Phone (56-2)	Fax (56-2)	Website
Korea Exchange Bank	246-9105	946-0171	www.keb.co.kr
Banco Intesa SanPaolo S.P.A.	432-1940	432-1945	www.intesasanpaolo.com
BNP Paribas	787-3333	787-3300	www.bnpparibas.com
Credit Industriel et Comercial S.A., CIC	203-6790	203-4156	www.cic.fr
Credit Suisse Consultas y Asesorías Ltda.	232-3366	334-2848	www.credit-suisse.com
Dresdner Bank A.G.	230-2900	657-1730	www.dresdner-bank.com
ING Bank N.V.	659-2700	659-2745	www.ing.com
Société Générale	233-8126	658 32 43	www.socgen.com
UBS A.G.	385-5555	234-5554	www.ubs.com
Westlb AG	334-0434	334-0825	www.westlb.de

Sources: www.abif.cl and www.sbif.cl

Project Financing

[Return to top](#)

Major project financing is available through issue of equity, bonds in the international and local capital markets, and through syndicated loans.

The Overseas Private Investment Corporation (OPIC) is a business development corporation of the U.S. Government that helps U.S. investors overseas, fosters economic growth in new and emerging markets, complements the private sector in managing the risks associated with foreign direct investment, and supports U.S. foreign policy. For more information, contact the OPIC liaison for Chile, Mr. Matthew Hilgendorf matthew.hilgendorf@trade.gov and/or visit www.opic.gov

Private companies can also take advantage of different programs like the World Bank's International Finance Corporation (IFC), which provides financing to private sector companies involved in certain types of infrastructure projects. The IFC is particularly interested in non-traditional industries, cross-border operations and asset securitization. See www.ifc.org

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

U.S. business representatives will find that business practices in Chile and the United States are very similar. The business day usually begins at 9 a.m. and ends between 6 and 7 p.m. Lunch breaks usually do not begin before 1 p.m. If there is business to be conducted, two or even three-hour lunches are not uncommon. Although social occasions rarely begin at the indicated time, business meetings usually do.

Many Chilean businesspeople are well-educated professionals who travel internationally and speak English. However, not all speak English, and foreigners will often find the ability to speak Spanish very useful, if not an absolute must. Product marketing or company promotional literature should be in Spanish.

Appearances are an important part of Chilean business. Dress codes are generally formal and conservative - suit and tie for men and discreet business suit (skirt or trousers) for women. Men tend to put on their jackets when leaving the office, even if it is just for lunch. Business attire becomes less formal outside major cities and in certain sectors.

It is useful to have business cards printed with English on one side and Spanish on the other. Generally, cards are presented to everyone in a meeting.

Travel Advisory

[Return to top](#)

For Travel Advisory information please see the State Department's Country Specific Information for Chile at:

www.travel.state.gov/travel/cis_pa_tw/cis/cis_1088.html.

Entry/Exit requirements: U.S. citizens entering Chile must have a valid passport valid for the period of stay. U.S. citizens traveling to Chile for recreation, tourism, business, or academic conferences do not need to obtain a visa prior to their arrival to Chile. A Tourist Card will be issued for a stay of up to 90 days upon payment of a reciprocity fee, currently US\$140. Currently, the fee is only charged at the Santiago International Airport. Payment can be made in U.S. currency or by credit card. An extension of stay for another 90 days is possible upon payment of an extension fee at the Chilean Immigration Office located at San Antonio 580, Santiago; telephone 56-2-486 3000. The Tourist Card must be surrendered upon departure. Failure to submit this card upon departure may result in delays until a replacement is obtained. If lost or stolen, the tourist card must be replaced by the International Police at their nearest headquarters or at the international airport prior to departure.

For up-to-date information on visa requirements, visit the website of the Embassy of Chile in Washington D.C. U.S. citizens, who intend to work, live, or study in Chile must apply in advance for a Chilean visa.

The U.S. Department of State is unaware of any HIV/AIDS entry restrictions for visitors to or foreign residents of Chile.

Find additional information at Travel.State.Gov regarding the prevention of international child abduction.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>
<http://chile.usembassy.gov/visas.html>

Chile's capital, Santiago, has a well-developed telecommunications infrastructure. Domestic and international telephony works well and rates are generally competitive. There are also several mobile operators present, including Claro, Entel, and Movistar. Visitors can rent cell phones in Chile or are advised to check with their own United

States-carrier to see if their phone is able to make international calls from Chile. Cell phones can be rented at kiosks in Santiago's international airport.

WiFi "hot spots" are fairly common in Santiago. In rural parts of Chile, the telecommunications infrastructure is less developed. Most business hotels have internet connections available, as well as business centers. PCMCIA cards that will allow a notebook computer to connect to the Internet can also be rented at kiosks in Santiago's international airport.

Transportation

[Return to top](#)

Chile is well connected via air service to the United States and countries throughout Latin America. American Airlines has non-stop service between Santiago and both Miami and Dallas. Delta Airlines has non-stop service to Atlanta. Chile's main airline, LAN, partners with American Airlines in the OneWorld Alliance and offers non-stop service to Miami and direct service to Los Angeles via Lima, Peru. The primary point of entry is the Santiago International Airport (see www.aeropuertosingapuerto.cl/english/).

Domestic air service is well developed. Flights between Santiago and most cities in Chile are fairly frequent. The train system is less developed, but there is a good central train line that runs between Santiago and Chillan. See www.efe.cl/.

Primary roads in Chile are good. The main highways are concessioned toll roads and are in good condition. Secondary roads, especially outside of Santiago, are sometimes in lesser repair. Gravel and dirt roads are common in rural areas. For more information on driving in Chile, see the consular information sheet:

www.travel.state.gov/travel/cis_pa_tw/cis/cis_1088.html.

Language

[Return to top](#)

Spanish is the language of Chile. Among the business community, there is a fair level of English language capability, but in order to operate in Chile, U.S. businesspeople need to speak Spanish or identify a local partner who can speak both English and Spanish. For more information about partner-matching assistance provided by the U.S. Commercial Service, see www.export.gov/chile

Health

[Return to top](#)

Chile has both public and private healthcare service providers. Some of the private clinics in Santiago are well equipped and operate at the level of service providers in the United States and Europe. Travelers to Chile are advised to check with their health insurance providers to ascertain coverage levels in Chile. For more information on medical issues in Chile, see the Country Specific Information:

www.travel.state.gov/travel/cis_pa_tw/cis/cis_1088.html

Local Time, Business Hours, and Holidays

[Return to top](#)

Because Chile is in the Southern Hemisphere, its seasons are opposite those in the United States. This means that when the United States enters daylight savings time, Chile falls back at about the same time. Consequently, during the northern winter, Chile is 2 hours ahead of Eastern Standard Time. In the summer, Chile is the same time as Eastern Daylight Time.

Business hours in Chile are roughly the same as the United States. Most offices open at 8:30 or 9:00 am and continue until usually 6:00 pm or later. Lunchtime is usually later (beginning at 1:00 pm or later) and longer (1-2 hours) than in the United States.

The following are Chile's main holidays for 2012. Dates may vary year to year.

Holiday	Date
New Year's Day	January 1
Good Friday	April 6
Labour Day	May 1
Commemoration of the Battle of Iquique	May 21
Saint Peter and Saint Paul	July 2
Carmen's Virgen Solemnity Day	July 16
Assumption Day	August 15
Fiestas Patrias	September 17
Independence day	September 18
Army Day	September 19
Columbus Day	October 15
Municipal Elections (Sunday)	October 28
All Saints' Day	November 1
National day of Evangelical and Protestant Churches	November 2
Immaculate Conception	December 8
Christmas day	December 25
*Banking day	December 31

* Banks and other financial institutions close down. Workers in other fields are not given the day off as in the rest of the holidays, though the workday schedule is usually shorter

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Under the terms of the U.S.-Chile FTA, Chile will permit duty-free temporary admission of professional equipment necessary for carrying out the business activity of a U.S. businessperson who qualifies for temporary entry under Chilean law.

Chile is the first Latin American country to accept carnets
(<http://www.atacarnet.com/ATACarnetCountryAdvisories/ChileisRegionsFirsttoAcceptCarnets.aspx>)

A Carnet or ATA Carnet is an international customs document issued by [70 countries](#). It is presented when entering a Carnet country with merchandise or equipment that will be re-exported within 12 months. ([Information about using carnets in non-carnet countries.](#))

Upon presentation, the Carnet permits the equipment or merchandise to clear customs without the payment of duties and taxes. Payment is not necessary because the Carnet guarantees that the merchandise or equipment will be re-exported within a year. Thus the use of a Carnet is a way of temporarily importing into foreign countries without payment of duties and taxes. Carnets also serve as the US registration of goods so that the goods can re-enter the US without payment of duties and taxes.

Chile will accept carnets for all three categories of goods:

- Exhibitions and Fairs
- Professional Equipment
- Commercial Samples

For temporary entry of food samples, see the Foreign Agricultural Service's Food and Agricultural Import Regulations report at www.fas.usda.gov/scripts/attacherep/default.asp

Web Resources

[Return to top](#)

State Department Consular Information Sheet:
www.travel.state.gov/travel/cis_pa_tw/cis/cis_1088.html

Tourism Service of Chile: www.sernatur.cl

U.S. Embassy Santiago (American Citizen Services):
<http://chile.usembassy.gov/service.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

U.S. Commercial Service Santiago: www.export.gov/chile
USDA Foreign Agricultural Service: www.fas.usda.gov
U.S. Embassy Santiago: <http://chile.usembassy.gov/>
U.S. Chamber of Commerce: www.uschamber.com
Chilean-American Chamber of Commerce (Amcham): www.amchamchile.cl
Chilean Embassy Washington: www.chile-usa.org
Government of Chile (links to Ministries): www.gobiernodechile.cl
Chile's National Chamber of Commerce: www.cnc.cl
Santiago Chamber of Commerce: www.ccs.cl

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)